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THE JERSEY JOURNAL

125th Year — No. 49 ★ ***

Thursday, June 27, 1991

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President of Hartz Mountain quits post

By Bill Campbell
Journal staff writer

SECAUCUS — Eugene Heller, credited with transforming Hartz Mountain into a major regional development concern, has abruptly resigned as president of the firm.

Heller, 55, will keep his equity share in Hartz Mountain Industries Inc. and remain as a consultant, said Irwin Horowitz, the Secaucus firm's attorney. Heller's parting on Tuesday

Heller's differences with CEO Stern over company future cited

was "amicable," he said. Curtis Schwartz, chief financial officer for the Hartz Group, Hartz Mountain Industries' parent, has been named to replace Heller.

Heller was not available for comment, although he issued a two-paragraph statement to employees yesterday notifying them of his decision to step down.

People familiar with the situation

said Heller had clashed frequently with Hartz Chairman and CEO Leonard Stern over the company's direction.

Several people who asked not to be identified said Heller wanted to maintain the firm's development staff while Stern favored cutbacks. Additionally, the corporate structure was changed so that Heller no longer reported directly to Stern, they said.

"Their relationship became strained during the economic decline and a lot of nerves were frayed," one source said. "Their parting was basically over philosophical differences."

Hartz, like many developers, has suffered during the recession. The de-



Eugene Heller, left, former president of Hartz Mountain Industries, with Leonard Stern, Hartz' chairman and CEO.

See HARTZ — Page 6

McCann: feds will nail me

Plainfield deals are now probed

By Bill Campbell
Journal staff writer

Jersey City Mayor Gerald McCann expects a federal grand jury will indict him as investigators expand a two-year probe of his personal, political and business dealings, he said yesterday.

"It's part of their ongoing plan of harassment against me," McCann said. "Eventually they will charge me with something — they have to. They've spent more than \$1 million on trying to get me."

The mayor's comments come on the heels of revelations that the U.S. Attorney's Office is now scrutinizing a Plainfield real estate venture that McCann spearheaded.

A federal grand jury has subpoenaed records involving Plainfield's ill-fated Queen City redevelopment project, whose partners included McCann and several business associates, before he was elected mayor in 1989.

The U.S. Attorney's Office would neither confirm nor deny the subpoena or that the project and its principals are under investigation, said Dick Lavinthol, a spokesman. However, Plainfield Mayor Harold Mitchell confirmed yesterday the request for information.

"We will comply with the subpoena as best we can, but when the previous economic development director left, he took most of the records with him," said Mitchell.

The latest subpoenas focus on records relating to a January 1988 bid won by Queen City Development Corp. which competed against two other developers to build on a vacant downtown site. The development partnership includes McCann, Jack Beirne, a developer and associate of McCann, and J. Carmine Bonanno, a Lyndhurst businessman.

Queen City's proposal in-

See MCCANN — Page 6

Floating parking lot



Journal photo by Bill Bayer

A lone pedestrian walks along Developer Arthur Imperatore's marina in Weehawken where dozens of boats are moored awaiting their owners' call to return to sea.

Retroactive raises not revoked yet

Judge rejects resident's plea to make officials give it back

By Steven Kalcanides
Journal staff writer

Bayonne city officials will not have to pay back retroactive pay raises they received as a result of a June 13, 1990, City Council meeting, at least for now.

A Hudson County Superior Court judge yesterday morning "ignored" a Bayonne resident's demands that the officials pay back the salary increases because the meeting violated the Open Public Meetings Act.

"I'm surprised," said resident Marc Liebeskind after the 20-minute-long court session yesterday in front of Judge James Dowden.

"It seems to me that he just upheld the corruption that exists in Bayonne. He made specific rulings in the past with respect to this issue, and what he did today seems to ignore it," he said in Jersey City.

Dowden in March had ruled

that the June 13 City Council meeting granting the pay increases had violated the Open Public Meetings Act. The judge had ruled similarly on three other meetings as well.

The June 13 meeting resulted in the former council approving retroactive pay increases of roughly 6 percent to department directors and former and present council members, and pay increases of \$5,000 to former Mayor Dennis Collins and \$10,000 to Mayor Richard Rutkowski.

Some of the other salary increases Liebeskind's suit targeted included business administrator (\$45,546 in 1989 to \$48,298 in 1990), finance director (\$44,418 in 1989 to \$47,083 in 1990), law director (\$41,967 in 1989 to \$44,485 in 1990) and public safety director (\$45,564 in 1989 to \$48,298 in 1990.)

Also, health and welfare di-

See OFFICIALS — Page 6

Teachers, officials moved from schools

By Peter Benedict
Journal staff writer

Three principals were transferred, two secretaries were hired, and a host of other personnel decisions for next year were made at the Bayonne school board meeting Tuesday at which nine vocational teachers were laid off.

The board also deposited \$750,000 into an account for health insurance claims, which are estimated to cost the district \$4.6 million next year. It

paid about \$4.2 million in claims this school year, a school official said.

Transportation and food service contracts were awarded, and about \$1.4 million in insurance policies were purchased by the board, including two health insurance coverages totaling \$592,775.

Grants amounting to \$145,046 were accepted by the board for programs related to mathematics and science, substance

See TEACHERS — Page 6

Dem heavyweights vie for HCIA title

By Peter Weiss
Journal staff writer

The Hudson County Improvement Authority has a new director — maybe — at least until later today.

Superior Court Judge Arthur D'Italia will hear arguments today on whether Harold (Bud) Demellier's selection as HCIA director is valid.

Demellier, who is Jersey City Mayor Gerald McCann's chief of staff, was picked yesterday morning at an HCIA special meeting attended by five HCIA members politically aligned with McCann.

Later yesterday, attorneys for County Executive Robert Janiszewski, HCIA Executive Director Al Fiore and Commis-

McCann aide elected at meeting Janiszewski is challenging in court

sioner Wayne Jahn filed suit to void the meeting.

The HCIA has overall jurisdiction of solid waste disposal for the county. It also administers the \$100 million Affordable Housing Trust Fund, and is empowered to issue bonds and make loans for other projects.

The complaint claims that the meeting was improperly convened, without proper notice to the public, and that notwithstanding the illegality of convening it, the meeting was later cancelled by Jahn as acting chairman.

The complaint also charges that attorney Harold Ruvaldt Jr., "who does not represent that Authority in any capacity, conducted the meeting."

The suit, filed by the firm of DeCotiis and Pinto, seeks an order restraining Demellier and the other defendants from implementing any of the actions authorized by them at yesterday's meeting.

HCIA Commissioners Anthony Capitti, Donald Addas, Leon Budd, Harry Melendez and Rev. Willie Wilson are the other defendants.

In addition to naming De-

mellier executive director, effective immediately at an annual salary of \$75,000, the five HCIA commissioners at yesterday's meeting named Addas acting chairman and demoted Fiore, whose contract wasn't due to expire until July 31. Fiore was named assistant to the director.

The commissioners also authorized Demellier to spend up to \$55,000 for special counsel and to place other contracts on "hold status."

Demellier is identified in the suit as "an unqualified and inexperienced political appointee."

The actions were taken "over the specific advice of its

See DEMOCRAT — Page 6

Inside

WEATHER:



Today: Fair, hot, humid, high 90

Tonight: Clear, low near 70

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Galaxy murderer sentenced

By Greg Wilson
Journal staff writer

The mastermind of a 1987 drug-related triple murder in Guttenberg's Galaxy Towers was sentenced yesterday to three consecutive life terms.

Andres "Tati" Garcia, 54, drew the sentences for his part in the slayings of Jose Ortiz, Jorge Ortiz and Gladys Espinosa, three Colombian cocaine dealers involved in a deal gone awry.

"I haven't killed nobody, I

See GALAXY — Page 6

Democrat heavyweights fighting over HCIA title

Continued from Page 1
duly authorized general counsel," a representative of DeCotiis' firm, the suit alleges.

Other charges are that the five pro-McCann HCIA members "utilized a credit card to jimmy the lock of the Authority offices" on Pavonia Avenue in order to hold the meeting.

Attorney Ruvoldt Jr., representing Demellier and the other defendants, denied the charges. He said he would reply in greater detail to the specific allegations today in court. Ruvoldt is also Jersey City's corporation counsel.

Ruvoldt also said there may be some question as to whether DeCotiis' firm is still able to represent the HCIA as a body. However, he said that is only a sidelight to the larger issues in the case and indicated that if it would delay the proceedings, he will not pursue it.

"We want the issues resolved as quickly as possible," said Ruvoldt.

He said the core issue is simply whether a majority of HCIA commissioners want Demellier as director. "Apparently they're not happy with an open public vote of the commissioners," he said.

Ruvoldt, whose office on Saturday sent out notice of the special meeting as a favor to HCIA Chairman Chris

Evangel, said everyone required to be told of it "was clearly legally notified."

Evangel's status is a part of the suit. He submitted a resignation on Monday night, reportedly said on Tuesday he was rescinding it, and resigned again yesterday morning.

The suit filed by Janiszewski contends Evangel submitted his resignation from the HCIA after being confronted with the fact he wasn't a Hudson County resident and is therefore not eligible to serve. Evangel, the suit charges, is a resident of Morris County.

Ruvoldt said he had a subsequent letter from Evangel stating the resi-

nation was obtained under duress and that "I hereby cancel my resignation."

However, after yesterday's meeting ended, Evangel submitted another letter of resignation. Evangel was not present for the meeting.

Each side yesterday charged the other with trying to keep people away from the meeting.

Ruvoldt said five county police cars were outside the HCIA building. He went to court after the meeting, seeking an order restraining county police from helping Janiszewski exercise "his political will." But Ruvoldt conceded county police hadn't interfered with the meeting. D'Italia dismissed the complaint.

The countersuit filed by Janiszewski contends the defendants refused to unlock the doors to the building after the meeting started, thus effectively barring the public.

"Members of the Jersey City Police Department were present on the premises throughout the course of the meeting," the suit alleges.

Ruvoldt said the presence at the meeting of Freeholder Louis Manzo, a McCann foe, disproves the claim that the public couldn't get in. Manzo countered that by saying the only reason he gained entrance was that one of the HCIA commissioners came out of the meeting to get his eyeglasses from his car.

McCann: feds will nail me

Continued from Page 1
cluded three nine-story buildings with nearly 500 units of housing and 120,000 square feet of retail and office space. The project was withdrawn in December 1989 after the group requested significant modifications.

The subpoena orders Plainfield officials to turn over all documents submitted by the principals in connection with the development, also called the Park-Madison redevelopment project, by July 1.

McCann said he was not aware of the recent subpoena, but has often lashed out at federal law-enforcement officials, saying they have seized financial records in an effort to embarrass him.

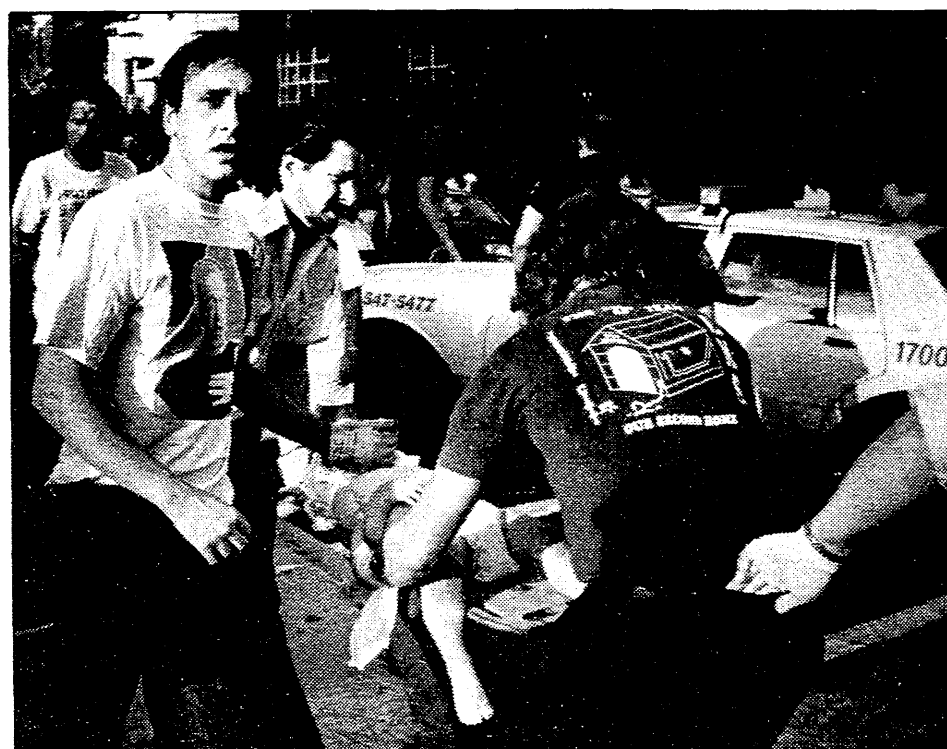
Mitchell said he did not know if the grand jury was looking for specific records relating to McCann or activities of former Plainfield Mayor Richard Taylor.

The assistant U.S. attorney who signed the subpoena, Eric Tunis, last year issued another subpoena ordering the city to turn over all records relating to Taylor's expenses as mayor, he said.

"This whole thing came out of the blue," Mitchell said. "I have no idea what the focus is but we will comply."

But McCann has his own theories. His business ventures as a private citizen between his two terms as mayor between 1986-89 have come under the scrutiny of federal prosecutors, he says.

Baby falls from window



Journal photo by M. Kathleen Kelly

Rescue workers carry 15-month-old Cody Gehrke, to an ambulance after he fell out of a second-floor window at Hancock Avenue and Congress Street, Jersey City. He was taken to St. Vincent's Hospital, in New York City and was listed in critical but stable condition at press time.

Last fall, McCann said the FBI subpoenaed records including tax returns from MGT Ventures and Historic Equishares — two development concerns — from 1986 to 1988; rent receipts from an accounting firm that employed McCann; and travel receipts from a trip he took to Puerto Rico in 1986 for a mayors' conference before he was mayor.

The probe of the Plainfield deal, McCann said, stems from

an unsuccessful federal "sting" operation aimed at Taylor. McCann said he and his associates were approached by undercover FBI agents who wanted the group to offer Taylor a bribe.

"It's part of the FBI's effort to harass black elected officials," McCann said of the incident with Taylor, who is black. "Only 4.5 percent of the FBI's workforce is black and that's hardly representative of the nation's African-American population."

McCann said his refusal to cooperate with the sting prompted federal agents to "go after me."

"They are frustrated because they've been investigating me since February of 1990 and have found nothing. They have all my records, including checks and tax returns," McCann said.

He said the intense probe would likely result in some charge of wrongdoing, like late filing of tax returns.

Galaxy murderer gets triple life term

Continued from Page 1
haven't shot nobody and I haven't troubled nobody," said Garcia before being sentenced by Superior Court Judge Kevin G. Callahan in Jersey City. "I'm innocent, a victim of Carlos Sainz."

Garcia, clad in jeans and a blue dress shirt, was referring to a co-defendant who initially confessed to the murders, then allegedly conspired with Garcia to tamper with witnesses. Sainz faces trial in September.

Callahan presided over the trial which lasted from Feb. 19 to May 2.

Prosecutors contend that Sainz, acting on orders from Garcia, was the triggerman in the deaths of Espinosa and Jose Ortiz. A third accomplice, Jose "Pepe" Jorge Cabrera, is accused of stabbing to death Ortiz's son, Jose, as Garcia watched gleefully.

Callahan said he had no doubt Garcia was guilty. The fact that the victims were drug dealers doesn't lessen Garcia's culpability, he said.

Garcia's attorney, Peter R. Willis, argued that consecutive

terms were pointless for Garcia, who is, he says, in poor health.

"To punish any other way would be an affront to society," said Callahan.

The killings occurred May 31, 1987, after the victims became impatient over payment for the first of three planned cocaine shipments. Garcia, who prosecutors said didn't have enough money to cover the shipments, had flown the trio up from Florida to supervise the deal.

Though they planned to stay in Garcia's fifth-floor apartment for only one day, the trip stretched into a week as subsequent shipments arrived late. Tension, exacerbated by continuous freebasing of cocaine, culminated in the bloody rampage in the posh, \$1,200-per-month apartment.

Garcia was sentenced to a total of 47 years on three counts of aggravated manslaughter, to be served concurrently with the life sentences. A 10-year sentence for cocaine distribution and a four-year weapons sentence will also be served concurrently.

Hartz's president Heller leaves post

Continued from Page 1
velopment arm of the company has laid off about 40 percent of its work force — about 125 people — since last summer and abandoned several ambitious real estate projects on both sides of the Hudson River.

Heller is credited with expanding Hartz's core emphasis on pet foods and supplies to real estate development.

The son of a Jersey City real estate broker, Heller joined Hartz in 1962 when he teamed up with Stern to build a warehouse in Bayonne and develop industrial properties throughout the state.

After completing several successful warehouse deals in Hudson County, Heller and Stern bought 750 marshy acres of Secaucus swamp land in 1971 which later became Harmon Cove.

The company poured millions of dollars into additional acquisitions and \$30 million in infrastructure to complete the Harmon Cove, Harmon Meadow and Mill Creek developments in Secaucus.

Those projects include several million square feet of office space, about 3,000 residential apartments and more than 500,000 square feet of retail space.

Heller, who has been called the "Robert Moses of the Meadowlands," is widely credited with creatively marketing the office space to Manhattan-based companies, and luring high-profile tenants like ITT and Equitable Life Insurance Association to the Meadowlands.

"Gene was the driving force behind Hartz," said Charles Simberg, chief executive officer of the Harborside Finan-

cial Center in Jersey City. "It was his vision plus Leonard Stern's money that made it work. Gene is an entrepreneur who has given this state a lot."

The company later undertook major projects on the Weehawken waterfront and in the Journal Square area of Jersey City.

Hartz also entered the New York market and built and marketed a skyscraper at 667 Madison Ave. in Manhattan and planned office and residential projects in Long Island City, Queens.

The company abandoned plans to develop a Manhattan hotel and properties in New York's outer boroughs after the stock market crash in 1987 and scrapped two Hoboken developments over environmental and zoning difficulties.

An ambitious plan to construct 3,300 townhouses in the marshes at Mill Creek in Secaucus was recently blocked by federal environmental officials.

Part of the company's real estate strategy was to maintain a large staff of in-house architects and real estate brokers, but the company shifted gears as development nearly ground to a halt over the past three years.

Hartz laid off about 10 percent of its 400-employee real estate staff last summer and another 25 percent in May.

Hartz was founded by Stern's father, Max, in 1926 as a birdseed supplier but the younger Stern focused on a full range of pet supplies. Today, the company, whose holdings also include The Village Voice and other publications, has about 5,000 employees and annual revenues of \$950 million.

Teachers moved around

Continued from Page 1
abuse prevention, and help for at-risk students. The board applied for a \$10,000 grant to create a child care program at the Midtown Community School.

Patricia McGeehan, who was principal of the Donohoe School this year, was transferred to the Roberson School where she will be principal next year. Charles Costello was transferred from Roberson to the Lincoln Community School, and Robert Dougherty was moved from Lincoln to the Donohoe School.

Carmela Bryant was hired at \$19,140 per year to be a secretary for the Alliance for a Drug-Free Hudson County program

from July through October. Helen Nilan was hired at the same salary as a secretary for the Department of Employee Health Services for a year starting July.

Superintendent James Murphy said at Tuesday's board meeting that the hiring of the two secretaries is a cost-effective measure. Board critics have said that the school administration has too many secretaries on the payroll.

Board Business Administrator Clifford Doll said Nilan will assist in a money-saving board plan to manage health claims. Since the plan started this year, the district saved about \$65,000 in claims.

Officials in Bayonne can keep retroactive raises

Continued from Page 1
rector (\$44,418 to \$47,083), public works director (\$44,418 to \$47,083), library director (\$41,967 to \$44,485), city clerk (\$43,508 to \$46,118) and tax

assessor (\$39,568 to \$41,942.)

"I think it was a fair ruling by the judge based upon the fact that the City Council deals with so many matters at each

meeting that should the meetings have been voided, it would have thrown the city into chaos," said Bayonne assistant city manager Paul Paskey.

Paskey had said the city was

hopeful that the judge would not void the meetings because such a decision would pose an insurmountable hardship for the city that would call into question hundreds of actions.

"I feel the judge is not going to void the meetings," he said. Liebeskind had wanted the judge to order the city officials to pay back the increases, but Dowden focused on a proposed form of order that had been submitted to the court by Paskey in June.

Paskey's proposal did not mention any remedy for the pay raise issue but simply stated two points: the city would make every reasonable effort to make minutes of City Council meetings available at the next scheduled meeting, and the city would do the same to make notices of the dates of City Council meetings available to newspapers for publication as required by law.

Dowden ordered Paskey to change the language of the first item in the city's proposal to read that the minutes would be made available no later than three days before the next scheduled council meeting.

He also told Paskey to obtain court transcripts of two sessions held in November and March to prepare an order of judgment encompassing his findings at those sessions.

Liebeskind objected to the judge's actions yesterday in court.

"What about the pay raises, your honor? You said they were illegal. They're still being paid out," Liebeskind told Dowden.

Paskey then accused Liebeskind of trying to relitigate the issues.

"You told the city that the pay raises were illegal," said Liebeskind. "Now you're saying they can keep the pay raises."

"I didn't say that," answered Dowden, saying that he simply ordered the city to prepare an order.

Liebeskind said yesterday he would have trouble appealing the case because of the cost, time and work involved in filing such an action.

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Michael Landon succumbs at age 54
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Harkes will find himself on the 'other' side
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THE JERSEY JOURNAL

125th Year — No. 53 ***

Tuesday, July 2, 1991

35¢ Home Delivery — \$1.45 weekly

Grand jury quizzes McCann's pal

By Michael Finnegan
Journal staff writer

NEWARK — A former campaign aide to Jersey City Mayor Gerald McCann says he testified last week before the federal grand jury investigating alleged bank fraud by the mayor.

Edward Deak, a longtime friend of McCann, said a prosecutor asked him last week in the secret grand jury pro-

Indictment could come next week, claims source

ceedings about \$2,200 in checks he received from the mayor.

As Deak was in the federal court house, he ran into two of McCann's business associates, he said. It could not be determined if they had been summoned by the same grand jury.

McCann drew the checks for Deak from an account of Historic Equishares Inc., Deak said.

McCann was a director of Historic Equishares and its registered agent. The FBI and the IRS are investigating whether McCann's firm misused \$300,-

000 that the company borrowed from a savings association in Boca Raton, Fla.

According to a source familiar with the case, McCann could be indicted as early as next week.

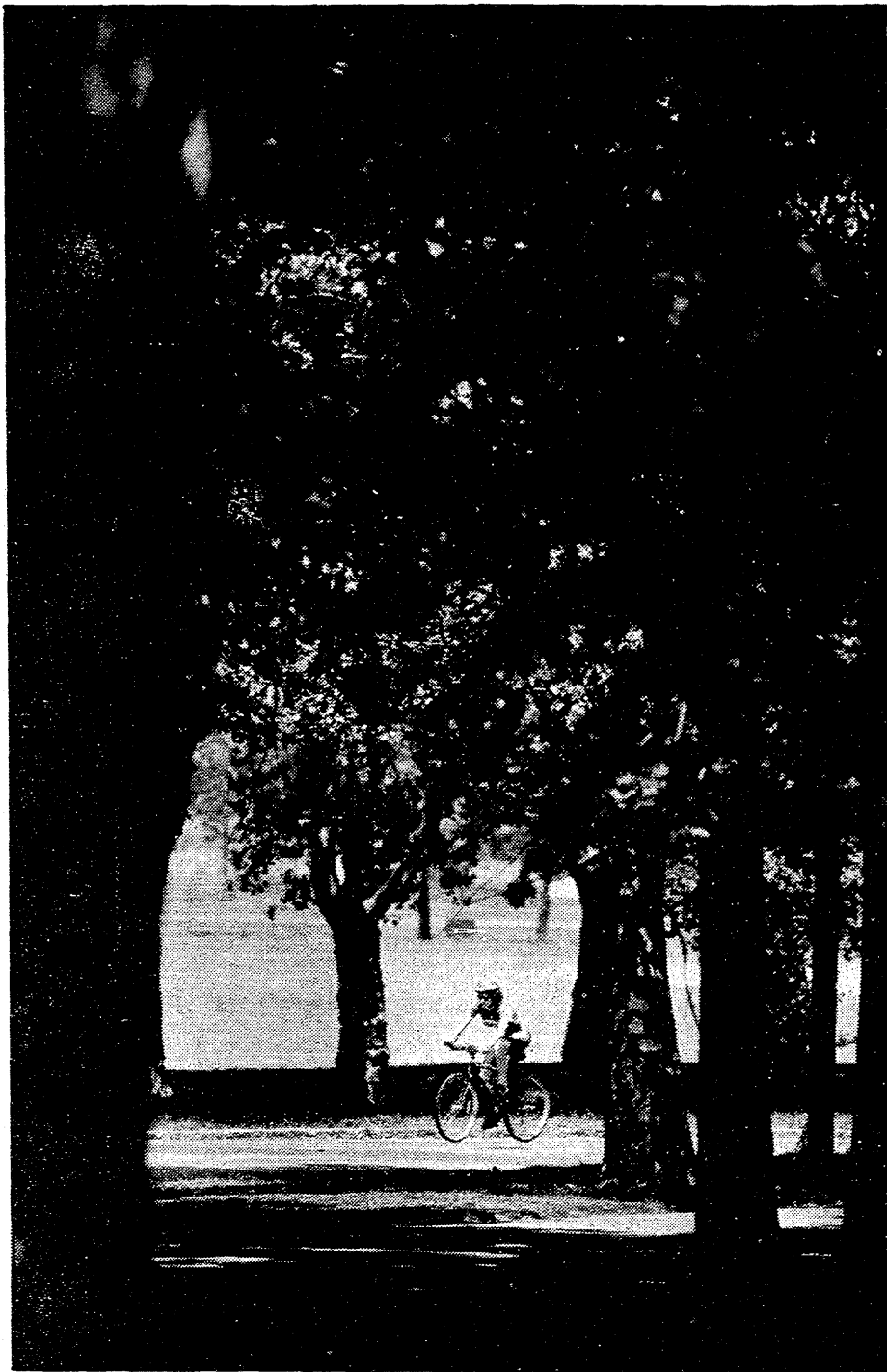
McCann was in China yesterday

and could not be reached. Last week he said he expects to be indicted but denied wrongdoing. He accused federal authorities of "trying to get me" in an "ongoing plan of harassment."

Deak, a convicted embezzler, said McCann lent him the \$2,200 from Historic Equishares in 1986 so he could pay his rent.

See GRAND — Page 4

Easy rider of the 90s



Weaving through the tree-shadowed roadway of Lincoln Park in Jersey City is an easy rider for this decade. This biker wears a safety helmet and rides a non-polluting and trendy street bike.

Journal photo by Bill Bayer

Metrobank declared insolvent by OTS

By Steven Kalcanides
Journal staff writer

Metrobank for Savings, with branches in Hudson and south Bergen has been declared insolvent and taken over by a federal agency.

The Palisades Park-based banking institution has branches in Bayonne, Cliffside Park, and Fort Lee.

The federal Office of Thrift Supervision, which is responsible for restructuring failed thrifts, placed the bank in receivership on Friday and chartered a new federal mutual institution to take its place.

The OTS said the action did not disrupt the day-to-day operation of the bank and that

holders of insured deposits up to \$100,000 are not affected.

Shareholders, however, will retain no interest in the new thrift.

The new institution, Metrobank Federal Savings and Loan Association, will assume certain assets and liabilities of the former thrift, the 26th such banking concern to fail in the state over the past few years.

Officials for the bank, which has been on shaky ground for several months, were surprised by the takeover, according to Kevin Lenihan, Metrobank senior vice president. He declined to comment further.

In 1989, the thrift had total assets of \$534.9 million and de-

See METROBANK — Page 4

Inside

WEATHER:



Today: Cloudy, light rain, high in 80's
Tonight: Showers likely, lows around 70
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Welfare checks put in mail at last hour, budget or not

By Dan Rosenfeld
Journal staff writer

Furious weekend work and a last-minute call from the governor's office in Trenton ensured that most of Jersey City's welfare recipients had their checks delivered to them yesterday.

Jersey City Welfare officials said they were ready to issue the checks, even without a state budget in place, to prevent the neediest from being the first victims of failed budget negotiations.

State officials prevented neediest from being hurt by Trenton delays

"Most of the checks went out Saturday," said Raul Mattei, Jersey City Welfare Division director. "We're just grateful that they were able to straighten things out."

The state government took over responsibility for welfare payments from municipalities as part of last year's tax overhaul. But the \$275,000 re-

quired for the approximately 1,700 recipients in Jersey City was tied up with the rest of New Jersey's \$14.7 billion budget.

"The fact is that now that the state's taken this over, it's always going to be on the tightrope with everything else

See WELFARE — Page 4

Bush choice faces a fight

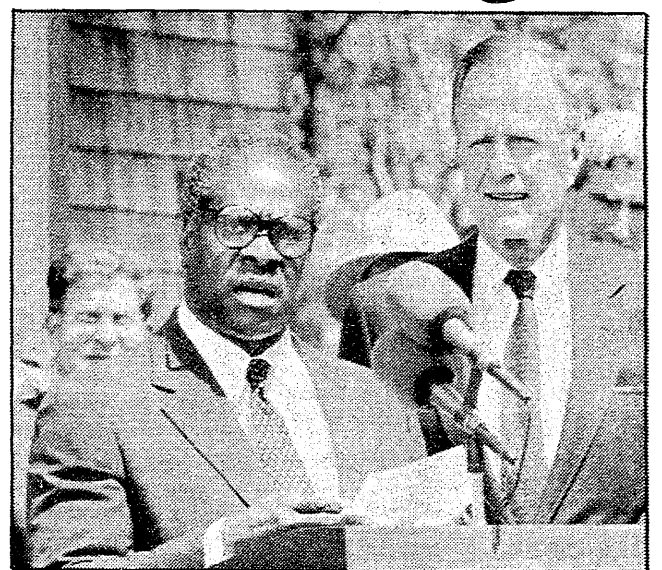
Affirmative action foe set to succeed Marshall

By Michael Shanahan
and Jonathan Tilove
Newhouse News Service

WASHINGTON — President George Bush's surprise selection of judge Clarence Thomas to replace Thurgood Marshall on the Supreme Court throws Democrats on the defensive and is sure to set off a firestorm of opposition in the Senate.

As a hard-line conservative on most racial issues, Thomas, who is African-American, will draw opposition from the same political coalition that has been battling Bush over legislation designed to ease discrimination in the workplace.

"This is going to be one hell of a fight, just like Bork," said one White House official yesterday, referring to the bitter struggle over President



Associated Press

Judge Clarence Thomas, left, speaks to the press at Kennebunkport, Maine, after President George Bush chose him to replace Thurgood Marshall on the Supreme Court.

See BUSH — Page 4

Absentees sink HCIA meeting

By Greg Wilson
and Peralte Paul
Journal staff writers

Control of the Hudson County Improvement Authority is still in question. Last night's scheduled meeting was cancelled because only four of the required five commissioners attended.

This means the fate of the HCIA hangs in the balance until July 10, the next scheduled meeting. Slated to begin at 8:30 p.m., last night's meeting was cancelled an hour lat-

er.

The commissioners present were Donald Addas, Harry Melendez, the Rev. Willie Wilson, and Anthony Capitti. They are

See related story Page 2

all aligned with the faction of the Hudson Democratic Party headed by Jersey City Mayor Gerald McCann.

A fifth HCIA member on their side, Leon Budd of Bayonne, was unable to attend because he was ill, according to

Bayonne Mayor Richard Rutkowski. The mayor was unable to give any further details.

The other three missing commissioners, supporters of Hudson County Executive Robert Janiszewski, were Wayne Jahn of Union City, Anthony Timpano of North Bergen and Morton Salkind of Secaucus. The three had planned to boycott the meeting after a judge ruled earlier in the day that the meeting could be held.

Approximately 100 people

See ABSENTEES — Page 4

Indicted court clerk pleads innocent

By Michael Finnegan
Journal staff writer

NEWARK — The former Secaucus Municipal Court clerk pleaded innocent yesterday to charges he conspired to extort \$5,000 in bribes from a construction contractor.

U.S. District Judge Dickinson R. Debevoise ordered Frank Deven, 52, to stand trial Sept. 24 for allegedly taking the cash in 1987 from James P. Horan Inc. Deven was released after posting \$25,000 bail.

After his arraignment, Deven told reporters, "I've never done anything wrong in my life."

Deven was suspended as court clerk last month after a federal grand jury indicted him on one count of extortion and one count of conspiracy to take kickbacks.

Assistant U.S. Attorney Donald S. Davidson told a judge last month that Deven made "very incriminating statements" in a conversation secretly taped by an FBI informant, Patricia Horan, vice president of the defunct construction company.

But Deven's attorney, Howard J. Ruvolet Jr., said he was "fully aware of the content" of the tape and did not expect it to block his client's acquittal.

"I view with great skepticism the U.S. attorney's comments as to the quality of the evidence," Ruvolet said.

The indictment accuses Deven of conspiring with three other officials to extort bribes in exchange for rigging bids on a \$15 million sewer

See INDICTED — Page 4

Grand jury quizzes former McCann aide

Continued from Page 1
 "I didn't know which account it came from," Deak said. Deak said Assistant U.S. Attorney Eric Tunis, the prosecutor supervising the grand jury inquiry, asked him to tell the panel about his involvement in Historic Equishares.

"My involvement was, my name came up on the checks," Deak said. "I'm a fringe player."

Deak said the prosecutor also asked whether he had anything to do with MGT Ventures, another McCann corporation. Deak said he had no connection to the company.

"They're obviously looking at the companies," Deak said. "I don't know what they're looking for. ... Obviously there's something going on. This isn't a joke."

The grand jury convened again yesterday at the federal courthouse in Newark. An agent from the FBI's white-collar crime unit waiting outside the grand jury room refused comment. During a break in the proceedings, Tunis also declined comment.

McCann and his partners formed Historic Equishares in March 1986. The company borrowed \$300,000 from Southern Floridabanc Savings Association of Boca Raton to bid on developing a marina and golf course at Liberty State Park in Jersey City.

But neither McCann nor Historic Equishares submitted a bid. MGT Ventures picked up bid specifications, but never submitted a proposal.

Thomas Kranz, who managed Southern Floridabanc's assets after federal regulators seized the thrift in 1987, said last year that officers of the savings association never found out how or where the \$300,000 was spent.

"We were left holding the bag," Kranz said.

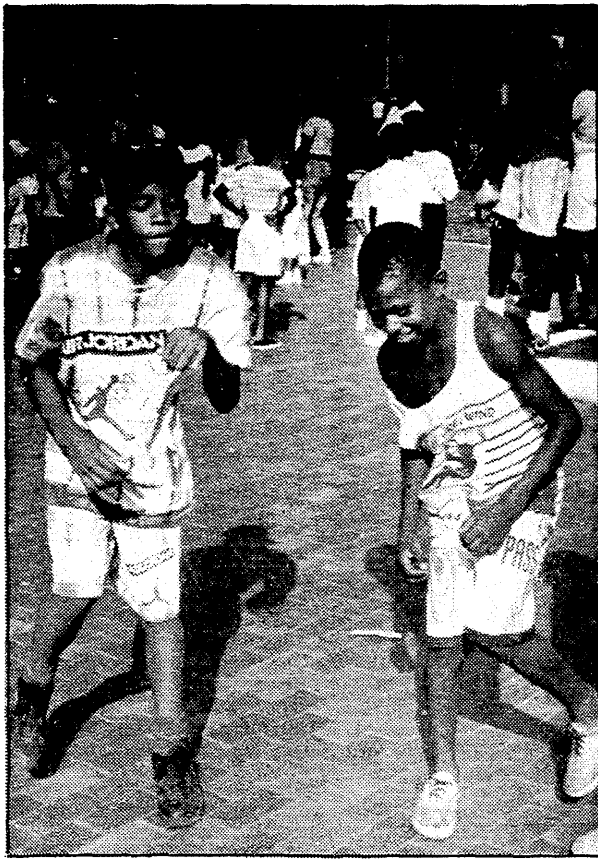
McCann has insisted that he can show "where every dollar was spent," but has declined to show the press.

he FBI took his records on Historic Equishares and MGT Ventures and travel receipts from a trip he took to Puerto Rico in 1986.

Deak said he ran into a Historic Equishares director, William Goble, accompanied by a lawyer at the federal courthouse the day of his grand jury testimony, but was unsure whether Goble appeared before the panel. Goble, who won no-bid engineering contracts from Jersey City after McCann became mayor in 1989, could not be reached for comment.

Deak said he also ran into McCann's accountant, Matthew A. Donohue, with his lawyer at the courthouse, and Donohue said he was testifying before the panel. Donohue did not respond to messages left at his office.

Cool moves on a hot day



Residents of neighborhood around Jersey City's Audubon Park decided to while away a summer day with a DJ and a stereo. The result is a good old outdoor party. Shaun Small, 11, left, and Eddie Jones, 10, were among the many who danced to the rap and club music.

Journal photo by Don McCoy

Metrobank declared insolvent by OTS

Continued from Page 1
 posits of \$354.4 million. Its capital base exceeded six percent at the time, according to the bank.

But as of March 31 of this year, the bank's assets stood at \$474.3 million — a decline of \$60.6 million — with liabilities of \$470.3 million and tangible capital of only \$4 million.

The former bank's tangible capital-to-assets ratio was 0.8 percent in March, well below the minimum of 1.5 percent, according to the OTS.

The bank has \$347.1 million in 34,150 savings deposit accounts kept in its branch offices at the moment, said the OTS.

The new thrift will operate in conservatorship under the management of the Resolution Trust Corporation, or RTC, the government said.

OTS officials said the agency initiated the takeover because Metrobank was "operating in an unsafe and unsound condition in that it had insufficient capital, with no prospect for replenishment without federal assistance."

In June, the bank's parent firm, Metrobank Financial Group Inc., entered into an accord with the OTS in which it said it would consent to the appointment of conservator or receiver.

The parent firm had earlier in the year submitted a plan to the OTS for rebuilding its capital but the plan was rejected by the agency, according to the OTS.

Metrobank Federal will maintain normal business hours and operations under an RTC-appointed managing agent while the RTC negotiates a permanent resolution for the troubled thrift, the government said.

Metrobank, formerly known as Morsemere, was founded in 1926. It converted to public ownership in 1987 and formed

a holding company which allowed the bank to pursue projects outside of traditional banking.

The former bank's failing condition was due primarily to heavy losses on construction and commercial real estate loans resulting from poor underwriting, and to a lesser extent, from the depressed local real estate market, the OTS said.

As of March 31, the institution had nonperforming assets of \$106.1 million, or 24.7 percent of total assets, said the government. A total 36.3 percent of its construction and land loans were delinquent, said the OTS.

Net losses for the former institution were \$8.3 million for 1990 and \$2.4 million for the first quarter of 1991.

"Although new management has reduced the level of problem loans, writedowns and the establishment of reserves against bad assets will continue to erode earnings," said the OTS.

The RTC named James Allen to serve as managing agent for the new Metrobank Federal. Allen had been the RTC manager at the failed Alexander Hamilton Savings & Loan Association of Pompton Plains.

The RTC was established by Congress in August, 1989 to contain, manage and sell failed savings institutions and help recover taxpayer funds through the management and sale of the institutions' assets.

Prior to the action at Metrobank, the RTC has closed or sold 425 savings institutions and achieved asset sales and collections of more than \$157 billion.

The RTC said some 14 million insured depositors and about \$137 billion in deposits have been protected by the RTC's closing of insolvent thrifts. The estimated cost to taxpayers for these actions is \$57.2 billion.

Indicted clerk enters plea

Continued from Page 1
 construction contract for Horan.

As part of the conspiracy, Deven "held himself out as being the future executive director of the Hudson County Utilities Authority," the indictment says. The HCUA oversees municipal sewer construction projects.

One of the other officials, Virginia Maione, former executive director of the Secaucus Municipal Utilities Authority,

cooperated in the corruption investigation, pleaded guilty to conspiracy and was sentenced to three years' probation and two months of house arrest.

The other two — former SMUA Chairman Joseph Pini Sr. and his son, Joseph Pini Jr., the SMUA's chief inspector on the Horan job — are to be tried with Deven. If convicted, Deven's maximum sentence would be 40 years in prison and \$500,000 in fines.

Welfare checks put in mail at last hour

Continued from Page 1
 come budget-approval time," Mattei said.

City welfare officials were told not to issue checks until they had heard from their state counterparts. Without a budget accord, there would be no money for the welfare checks.

"The city administration here was ready to foot the bill and take it on the chin," Mattei said.

State officials called Jersey City late Friday afternoon to tell its officials to start mailing out checks, even though a budget agreement was not yet in sight.

"The decision was made on Friday that welfare checks needed to go out," said Winnie Comfort, a state Department of Human Services spokeswoman. "We felt that there would

be a budget and that people who needed this money should not wait any longer for it."

City officials estimate that 90 percent of the recipients received their checks yesterday. Welfare Division staff members worked on Friday and Saturday to get the checks into the last weekend mail.

But had the budget not been in place, no money would have been allocated to cover the checks. Banks would not have refused to cash the checks, Comfort said.

"The prudent thing to do was to make reasonably sure that the budget would go through before we gave them the go-ahead," Comfort said.

"Certainly the most humanistic thing to do with people managing on small incomes is to have that money to them on July 1."

Absentees sink meeting

Continued from Page 1
 showed up for the meeting at the Moose Lodge on West Side and Stevens avenues in Jersey City. However, West Side Councilman William O'Dea estimated only about 80 were city employees.

City Democratic Chairman Allen Manzo said he was dismayed by the meeting's outcome, and blamed Janiszewski for the cancellation.

"Mr. Janiszewski should not choose to appoint people who are not going to show up at meetings. There's no sense in appointing people if they're not going to show up," Manzo said. The three who missed last night's meeting were also absent last week when Harold "Bud" Demellier, McCann's chief of staff, was named to replace Al Fiore as HCIA executive director. That action was voided by a judge the next day because the meeting violated the state's Sunshine Law requiring adequate public notice.

Demellier concurred with Manzo. He said he felt Janiszewski's appointees to the HCIA were "a joke" and under his political control.

Janiszewski responded to the criticism by saying, "That's silly, his paranoia has gotten the best of him."

Earlier in the day a Superior Court judge cleared the way for the meeting to be held, but warned that the attorney general will look into the power play.

Allies of McCann had hoped to assume control of the HCIA at last night's meeting.

Thomas remembers background

WASHINGTON (AP) — For Clarence Thomas, who could become the second black Supreme Court justice in history, aspiring to that job was once something "I could not dare dream."

Thomas, born into poverty in the rural South, seemed overwhelmed Monday as he stood by President Bush after his nomination to the high court.

"As a child, I could not dare

Judge Arthur N. D'Italia denied a request for a restraining order from the Janiszewski camp which would have barred the HCIA meeting last night.

But D'Italia, who was presented conflicting sworn affidavits during yesterday morning's hearing, said he would not notify the attorney general of possible criminal charges because one side has apparently lied to the court in trying to take control of the HCIA.

Yesterday's battle was over who can set the agency's agenda, the majority or the acting chairman.

D'Italia said HCIA bylaws aren't sufficiently explicit for him to rule on who sets the agenda. The agency's rules have been muddled by a disputed resolution which McCann opponents say was passed June 5 and gives the agency's acting chairman power to set the agenda.

Jersey City Corporation Counsel Harold Ruvaldt Jr., arguing for the McCann faction, produced sworn affidavits from HCIA commissioners Addas and Melendez saying the resolution never existed.

HCIA member Timpano and HCIA Financial Operations Manager Dee Mazzeo gave sworn statements saying the resolution was passed.

Even if the resolution was passed, Ruvaldt argued that it would not apply to an "acting" chairman.

A trial date was set yesterday for Sept. 4, when both sides will argue over the validity and meaning of the resolution.

dream that I would ever see the Supreme Court, not to mention be nominated to it," said Thomas as when Bush introduced him at a news conference in Kennebunkport, Maine. "In my view, only in America could this have been possible."

At 43, Thomas stands near the pinnacle of the legal profession and would become one of the three youngest members of the court in this century if confirmed by the Senate.

Conservatives like Thomas; liberals question his stance

WASHINGTON (AP) — Conservatives yesterday hailed President George Bush's nomination of Circuit Judge Clarence Thomas to the Supreme Court but liberals questioned the black jurist's commitment to enforcing civil rights laws.

Sen. Orrin G. Hatch, R-Utah, predicted that Thomas, a former chairman of the Equal Employment Opportunity Commission, would win easy confirmation as the nation's second black Supreme Court justice.

"This man understands the difficulties of life, he has had a tough life but he's made it all the way," said Hatch, noting that Thomas was raised in a sharecropper's shack in Georgia. "Anybody who takes him on in the area of civil rights is taking on the grandson of a sharecropper."

Bush court choice

Continued from Page 1
 Reagan's nomination of Robert Bork, who was rejected by the Senate.

A Democrat-turned-Republican, the 43-year-old Thomas is a personal favorite of the president.

Thomas has openly voiced his opposition to affirmative action as a tool for offsetting generations of racial discrimination.

Debate over Thomas' confirmation will force Democrats to defend their own record on hiring goals and timetables and allow Bush to accuse Democrats of supporting racial quotas.

It will also force many black leaders to oppose a black judge who represents an American success story instead of rejoicing at the prospect of another minority replacing Marshall, historically the most important protector of civil rights on the court in 30 years.

Harvard law professor Derek Bell accused Bush of "gross tokenism in the appointment of a black who is a conservative and shares the views of upper class whites who he would basically represent."

Thomas' appointment "adds infinite insult to the serious injury" the Bush administration has already inflicted on the nation's minorities, Bell said.

Ron Brown, the first black chairman of the Democratic National Committee, said Bush's choice is evidence that the Supreme Court has been "ideologically hijacked by the radical right wing of the Republican Party."

Republicans are counting on Thomas' family background and experience as head of the Equal Employment Opportunity Commission to counter such claims.

Sen. Orrin G. Hatch, R-Utah, a senior member of the Judiciary Committee, said Thomas' rise from poverty in a Georgia sharecropper's shack will knock down any arguments that he is weak on civil rights issues.

"This man understands the difficulties of life, he has had a

tough life — but he's made it all the way," said Hatch.

"Anybody who takes him on in the area of civil rights is taking on the grandson of a sharecropper."

Democrats are expected to challenge the Thomas nomination on grounds that he is too inexperienced. He was named by Bush in March 1990 to the federal appeals court for the District of Columbia. Thomas had been EEOC director for eight years before.

In announcing the choice from his summer home in Maine, Bush said Thomas "fits my description as the best person at the right time. ... The fact that he is black and a minority has nothing to do with this."

Asked whether he was filling a racial quota by appointing a black to replace Marshall, Bush said, "I don't feel there is a quota. I don't feel that I had to appoint a black at this time. ... The fact that he is a minority, so much the better."

William Schneider, a political scientist with the American Enterprise Institute, believes it was no coincidence.

"Bush has made a calculated, probably a cynical choice here. The black leaders will close ranks against Thomas, and many black followers will see him as a 'white man's Negro.' A lot of them will be bitter at Bush."

"Democrats will have to oppose this guy on political grounds and that will force them to defend their own agenda on affirmative action and give Bush the chance to raise the quota issue."

Schneider predicted that Thomas would be confirmed following a bruising nomination battle, because in order to reject him "the Democrats would have to make him look like an extremist, and I don't think they can do that as they did with Bork, who scared people."

In the Senate, members of the Judiciary Committee said they would await confirmation hearings this fall before publicly declaring.

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Surgery to lengthen leg performed in Hudson

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Actress Lee Remick dead of cancer at 55

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THE JERSEY JOURNAL

125th Year — No. 54 ★ ****

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To our readers

The Jersey Journal will not be published tomorrow, July 4, because of the Independence Day holiday.

Views vary on signs

Seen as effective or waste of cash

By Steven Kalcanides
Journal staff writer

Bayonne's plan to spend \$22,000 for 1,200 signs to ward off litter and dog droppings is seen as either an effective tool or a waste of money.

That was the range of responses from residents asked at random in a street poll for their opinions on the city's proposal to buy 600 "no littering" signs and 600 "pooper scooper" signs.

Some residents said they thought the city was taking the right step in buying the signs and having them installed on side streets. Others said signs would do nothing to keep people from trashing city sidewalks.

"What good are the signs going to do if people don't scoop up after their dogs?" asked Daniel Squicciarino as he sat in Fitzgerald Park on Avenue C and 26th Street.

Squicciarino said signs will have no effect on people who litter. "They know they're not supposed to litter now," he said.

Others disagreed.

"I think if it's done in sync with other enforcement efforts it will be effective," said Jeanne Massarelli, city director of health and welfare.

Massarelli said two new part-time litter inspectors were put on the streets beginning this week, thanks to state Clean Communities grant money. The inspectors will be issuing summonses for littering and violating the dog "pooper scooper" law, which carry fines of \$50 and more, she said.

"It's an educational tool, and it also makes people aware that it's their responsibility to take care of their dogs and not to litter," said Massarelli.

Councilwoman-at-large Dorothy Harrington said education would go a long way toward making people more aware of their actions, but signs alone would do little to change habits.

"It might heighten awareness, but I don't think it's going to prevent people from littering," she said. "Also, I think some residents would object to

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WEATHER:



Today: Cloudy, showers likely, in 80's
Tonight: Showers likely, mid to upper 60's
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Blast triggers massive fire

5 buildings destroyed, 20 homeless

By Agustin Torres
and James Efstathiou
Journal staff writers

WEST NEW YORK — A general alarm fire at 63rd Street and Bergenline Avenue yesterday sent 13 people to area hospitals, forced the evacuation of 45 people, left at least 20 others homeless and required the chemical decontamination of scores of people.

Over 100 firefighters fought the fire that began with an explosion in a vitamin-manufacturing firm.

Five buildings were destroyed by the fire and a sixth heavily damaged by smoke and water. The cause is being investigated, said fire officials.

The explosion occurred in Quimicos Manufacturers, a laboratory above the Be-Vi Natural Food Center at 6302 Bergenline Ave., and sent flames roaring through the roof at 4:31 p.m., according to fire officials.

Fear of chemical contamination from the fire resulted in an almost unprecedented response by emergency medical technicians and ambulances that included almost every ambulance squad in North Hudson, Hoboken and Jersey City, the Jersey City Medical Center EMS, and technicians from as far away as Teaneck's Holy Name Hospital and Hackensack.

Their vehicles angle-parked on Bergenline Avenue took up almost a block and a half. Some had to be moved to make way for fire pump trucks.

Richard Viola, an owner of the health food center, denied that there were any hazardous chemicals on the premises but Bruce Walter, Hudson County disaster manager and fire marshal, said some hazardous chemicals were stored in the basement.

When the first explosion occurred, shards of glass and debris blasted across one of the busiest sections of Bergenline Avenue, miraculously injuring no one in a crowded shopping district at the start of rush hour, said police.

Police Officer Jeff Richards was surprised when broken



Journal photo by Preston Rescigno

West New York firefighters direct streams of water into the windows above a health food store on Bergenline Avenue at 63rd Street where an explosion sent people running into the street. More pictures on page 14.

Glass rained from black clouds

By Zachary Gaulkin
and Peralte Paul
Journal staff writer

WEST NEW YORK — It was like a thunderclap out of the blue. For a brief moment, no one knew it was an explosion until shards of glass rained down onto the street and black smoke filled the sky.

"I heard the glass breaking and saw the building going up and down," said Mohammed Hassan, who was having a cup of coffee at a nearby market when the Be-Vi Natural Food Center at 6302 Bergenline Ave. exploded in flame yesterday afternoon.

"I was drinking coffee and then boom," Hassan said. "I saw people running and crying. I saw people without shoes running out of the store. It scared me to death. I'm still shaking."

It was about 4:30 p.m. when the blast blew out a second-story window and

"I was drinking coffee and then boom. I saw people running and crying. I saw people without shoes running out of the store. It scared me to death. I'm still shaking."

Mohammed Hassan
Fire witness

started an inferno that took more than 100 firefighters hours to put out. It spread to four other buildings on Bergenline Avenue and 63rd Street before finally dying down.

Fire trucks clogged Bergenline Avenue at rush hour, creating gridlock for blocks. Police said there were so many ambu-

lances and other emergency vehicles that some had to be cleared away in order to bring in additional firefighting equipment.

Because of reports of hazardous materials in the vitamin factory, some firefighters were being bathed in showers and swathed in plastic before being taken to the Jersey City Medical Center to be treated for smoke inhalation.

The explosion originated in a second-floor room where seven Be-Vi employees were manufacturing vitamins, according to fire officials. Richard Viola, who has owned the company along with his two brothers for 21 years, said he was sitting at a desk in an office at the time.

"I was lifted out of my seat," he said. None of the employees was injured, he said.

See GLASS — Page 6

See BLAST — Page 6

McCann: 15 lawyers say I am innocent

By John A. Oswald
Journal staff writer

Jersey City Mayor Gerald McCann yesterday took time from his trip to Taiwan to proclaim his innocence in a federal investigation of his business deals and reiterate charges that the U.S. Attorney was out to get him.

"There is no doubt in my mind I'm innocent," McCann said in a telephone interview from halfway around the world at 5:30 a.m. Taiwan time.

A federal grand jury sitting in Newark is hearing testimony in what may be the tail end of an FBI and IRS probe into possible misuse of what McCann called a \$300,000 "investment" into his development firm.

Sources have indicated that the mayor may be indicted as early as next week. McCann is in Taiwan with executives from Evertrust Corp., a Taiwan shipping firm with offices in Jersey City. McCann is hoping to persuade Evertrust to build a 400-room hotel in the city.

More than 15 lawyers are working on his behalf, Mc-

Cann said, including city Corporation Counsel Harold Ruvolet Jr. "All have said there is absolutely nothing to this case and anyone who pursues this case has to be politically motivated," McCann said.

The assistant U.S. attorney supervising the grand jury inquiry, Eric Tunis, has declined comment on McCann's charges.

Prosecutors contend that McCann did not have the authority to spend the \$300,000 from a Florida bank, the mayor said. He was a director and registered agent of the firm, Historic Equishares, which he founded when he lost the mayoralty in 1985. Voters returned him to office in 1989.

Two other members of his administration — analyst Thomas Golodik and engineer William Goble — and three officials from the now-defunct Southern Florida Banc Savings and Loan Association of Boca Raton sat on the six-member board of directors.

McCann said the directors authorized him "to do anything with the money I want to do to run the business" through a resolution drawn up by former Attorney Gener-



Gerald McCann
Jersey City Mayor

al Irwin Kimmelman, the firm's counsel.

The firm was a joint venture, McCann said, between a subsidiary of the bank and another firm he founded — MGT Ventures. Among the developments the \$300,000 was to fund was a bid for a marina and golf course at Liberty State Park in Jersey City. The firm never submitted the bid.

McCann said he is the only target of the federal probe and not his two partners, Goble and Golodik. Golodik declined to comment.

"No one is being looked at

See MCCANN — Page 4

Vietnamese gang suspects arraigned

By Greg Wilson
Journal staff writer

Four men suspected of being members of the Vietnamese street gang "Born to Kill" were arraigned yesterday in Jersey City, charged with selling illegal weapons to undercover agents.

Hora Tran, 24, Mam Du, 19, Thuan Vanhe, age unknown, and Phouc Nguyen, 25, were arrested Monday after an eight-month undercover operation conducted by the Hudson County Prosecutor's Office Special Investigations Unit and agents from the federal Bureau of Alcohol, Tobacco and Firearms.

Bail was set at \$50,000 cash for each.

A reputed fifth member of the gang, Tuan Quoc Tran, 18, is in police custody in Toronto on armed robbery charges. Prosecutor Paul M. DePascale said he would move to extradite Tran.

"These were people who could supply eight to 10 brand new handguns upon demand," said DePascale. "We basically told them what we wanted, and they got it."

According to DePascale, the gang, known for its vicious behavior, is headquartered in the

Canal Street area of Manhattan's Chinatown. The gang also has strong links to Jersey City, said DePascale. The five suspects arrested live in Jersey City.

The gang earned notoriety last July when members sprayed rival gang members with machine guns during a funeral at the Rosedale Memorial Park in Linden.

During the sting, undercover agents purchased 12 semi-automatic handguns, a sawed-off shotgun and a 9mm assault weapon.

Although the gang operates along the eastern seaboard, DePascale said, the bust was, to the best of his knowledge, the first of Born to Kill members in New Jersey.

"What you're seeing are the initial forays into this area," said DePascale. "And I would hope that they will be blunted by this investigation."

The gang specializes in extortion of Chinatown merchants, who are hesitant to report crime for fear of retribution, said DePascale. The gang has branched into other areas of crime, including drug and gun smuggling and armed robbery, he said.

See VIET — Page 4

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McCann: '15 lawyers tell me I am innocent'

Continued from Page 1
except me. I'm the only person because I'm the mayor of Jersey City and the Hudson County Democratic chairman," McCann said. He described the probe as a Republican vendetta designed to boost U.S. Attorney General Dick Thornberg's run for the Senate in Pennsylvania.

The marina bid never materialized,

he said, because of the bank officials. The bank went belly up in April of 1986, a month after Equishares received the \$300,000.

Federal officials cited a spate of bad loans as a reason for the demise. McCann said one bank official, whom he declined to name, has received immunity to testify against him. "The guy lost \$90 million and they are prosecuting me," he said.

McCann said he became an FBI target when he sought to prosecute agents who attempted a failed sting operation several years back.

McCann said he also expects to beat any rap stemming from scrutiny of his taxes. He said he has filed his tax returns late for the past 13 years. Investigators are concentrating on income he earned in 1986 and 1987, he said.

Views vary on Bayonne signs

Continued from Page 1
having that sign put up in front of their house."

"I definitely believe that more discussion is needed before a decision is made," said Second Ward Councilman Joseph Makowski, who moved at last Friday's council meeting that the council not approve the transfer of \$22,000 for the signs and sign posts.

The council objected to the transfer because it had never reviewed and OK'd the proposal, as is required. The \$22,000 transfer was hidden among a larger \$68,000 line item for streets and parks which was subsequently reduced to \$46,000 once the \$22,000 was deleted from the list.

Makowski said the city might want to consider placing

signs only in areas that are prone to problems. The money saved could then be used to bolster the city's existing manual street-cleaning program, he said.

"There's controversy on both sides of the issue," said Thomas Adam, city Department of Public Works director. "One side says the city needs signs to warn people. The other side says if you put them up, you're going to make the city look terrible."

"Signs mean things to me," said Avenue C resident Patrick Squitieri. "But there are people who just ignore signs. I think it would be a good idea to put up signs."

"Everybody knows they shouldn't litter," said one woman on Broadway who wouldn't

give her name. "Why spend all that money on signs?"

A man who described himself as a city employee said he was against the proposal because of the costs involved and a concern that vandals would tear the signs down as soon as the city put them up.

"The cops should enforce the laws," he said.

"I think the signs are effective, but there has to be enforcement," said Hy Satkin, co-owner of Marguerite Shop on Broadway.

"I guess it's a good idea to get the message out there," said Marc Liebeskind, president of the Bayonne Citizens for Clean Air. "I just think you have to be sure that it's being done in the most cost-effective, efficient and effective manner."

Vietnamese gang suspects are arraigned

Continued from Page 1

"I don't think there are any gangs more violent than BTK, though there may be some as violent," said DePascale.

If convicted, Hoa Tran faces up to 18 years in prison; Du, 31 years; Vanhe, 34 years; Tuan Quoc Tran, 13 years; and Nguyen, 6½ years.

The four arrested in Jersey City are being held in the Hudson County Jail.

Thievery, mischief incidents reported

Bayonne police reported the following cases of thefts and criminal mischief in the city:

Nicole Garcia, 9, Bayonne, told police her Nintendo Game boy was taken from her while she was walking in the Woodrow Wilson Schoolyard, 56th Street and Avenue B, Monday night, they said.

Philip Frank, 11, Bayonne, said his white Predator bicycle was stolen from Bayonne County Park as it was on the ground next to him Monday afternoon, Barbara Zimmer reported to police the rear door window of her auto was smashed while parked on 49th Street and Broadway early yesterday morning, police said.

The rear window of an auto belonging to Mary Hunter was smashed while parked at 54th Street and Avenue B, police said, between Monday afternoon and that night.

The rear window of an auto owned by Jenny Duran, Bayonne, was broken Monday afternoon as it was parked in a lot in the 1200-block of Kennedy Blvd, police said.

The front windshield of an auto belonging to Rosemary Passero, Bayonne, was broken while parked early Monday morning at 49th Street and Kennedy Boulevard, police said.

Four plate glass windows of Liberty Electric Company, 35th Street and Broadway, were broken with pellets, police said, between 5 p.m. Saturday and 9 a.m. Monday.

Truck crash closes 32nd Street Bridge

A freight truck making a turn onto 32nd Street Monday morning pulled a fire hydrant out, causing the 32nd Street Bridge to close for several hours, city officials said.

When the truck knocked the fire plug out of the ground around 7:42 a.m., an underground pipe pulled away, causing water to spill underground, said Ken Rakowski, city engineer.

"Traffic had to be rerouted to two lanes along Avenue E around the work site," he said. The main water valve was shut off, Rakowski said, and a crew from the water department cleaned up the mess. No service was disrupted, he said.

Reliable Industries driver Elvin Austin, 57, was issued a summons for careless driving, police said.

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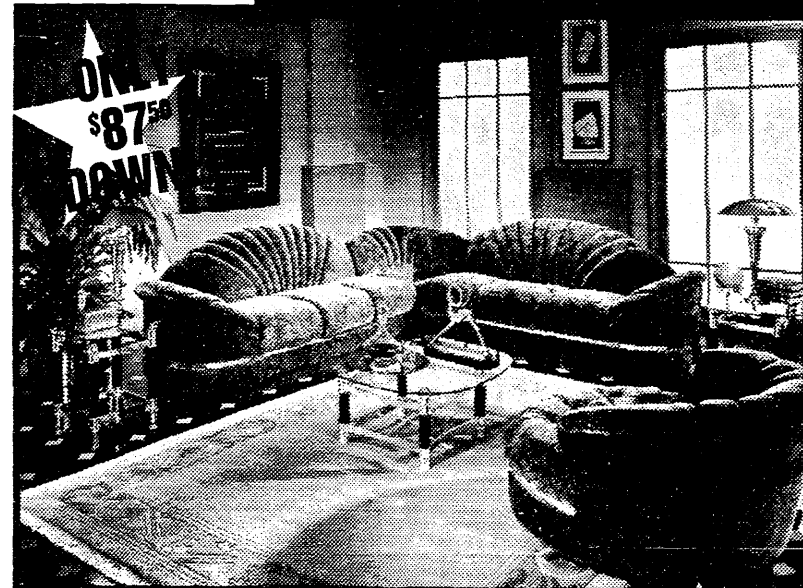
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Fire breaks out at Port Liberte pier

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Thieves shoot passenger, steal car

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Mets dump Expos to complete sweep

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THE JERSEY JOURNAL

125th Year — No. 55 ***

Friday, July 5, 1991

35¢

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Thousands flock to jazz fest, fun

Liberty Park marks liberty

By Philip Pan
Journal staff writer

More than 100,000 people celebrated the Fourth of July at Liberty State Park in Jersey City yesterday with fireworks, jazz, barbecued chicken and unexpectedly good weather.

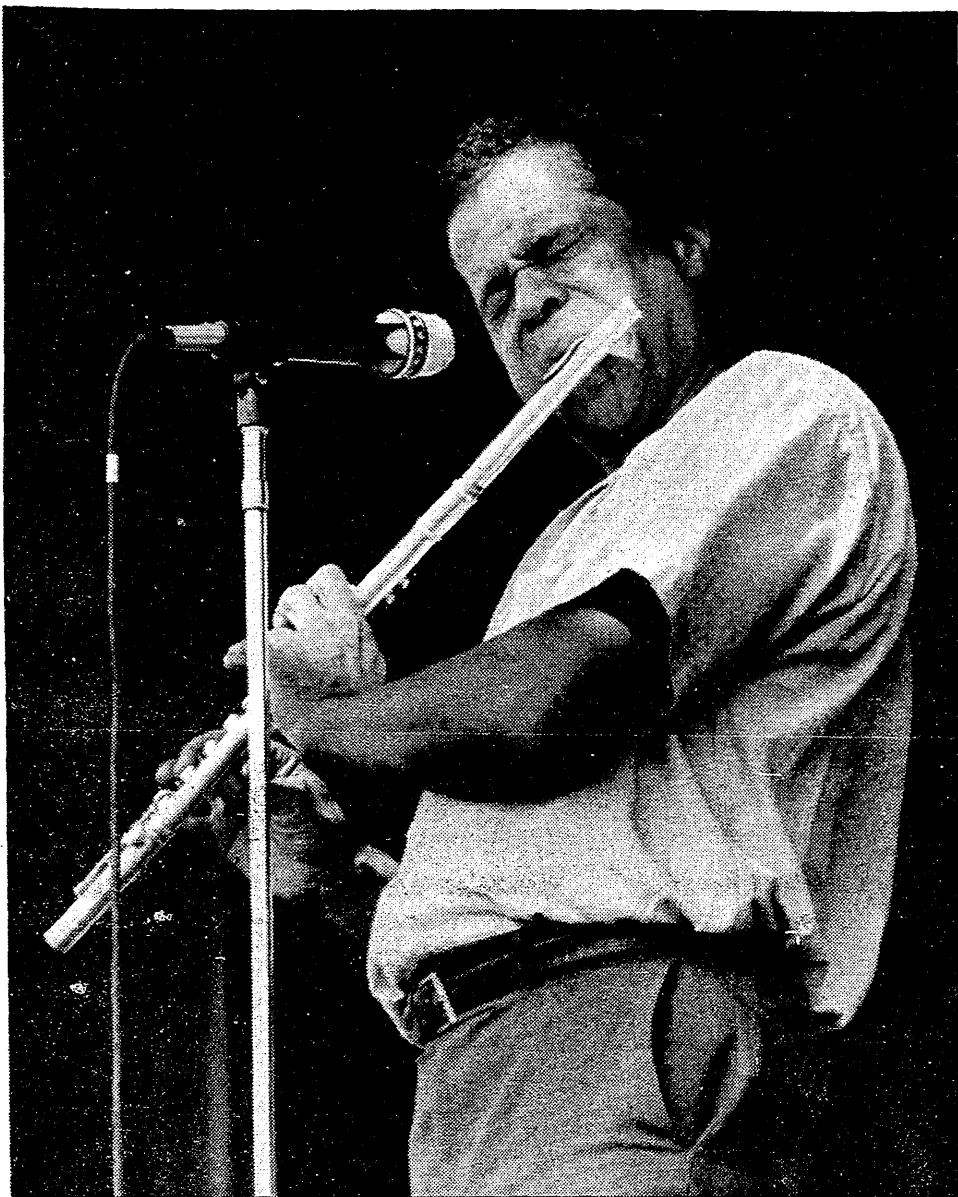
More than a dozen kites dotted the clear blue sky as the crowd took advantage of temperatures in the 70s by sunbathing, tossing frisbees or simply sitting back and enjoying the concert.

Bernie Winklestein, 61, of Parsippany, was one of thousands of people who made the journey into Hudson County for the jazz festival. Sporting blue sunglasses and a yellow baseball cap, Winklestein said he was very happy it didn't rain.

The jazz festival featured singer Roberta Flack and the list of performers included Teruo Nakamura and the Rising Sun Band, Joe Lee Wilson, Acoustic Alchemy, Marucio Smith and Superfriends, and Special EFX.

Even Jersey City Mayor Gerald McCann, just back from a trip to Taiwan, showed up on stage for a few minutes last night, thanking the crowd for its support and promising to hold another festival next year. Most of the proceeds

See THOUSANDS — Page 5



New York man is accused in Hudson death

Linked to woman's plunge in Union City, police claim

By Edward K. Shanahan
Journal staff writer

UNION CITY — A New York City man has been charged with killing a Jersey City woman who crashed through a third-story window into the street on Adam Place while trying to escape from him.

Wanda Colon, 24, died a week ago from injuries suffered in the April 29 plunge. Michael Lugo, 24, of Flushing, Queens, was accompanied by his lawyer when he surrendered to detectives here about 9:30 a.m. Wednesday and was charged with manslaughter, Sgt. Maurice Ryan said.

Police had originally charged Lugo with aggravated assault and weapons possession after Colon crashed through the bedroom window shortly after midnight on May 29.

Colon, of Fifth Street, suffered massive head injuries in the three-story fall, which police linked to a fight between Lugo and several other women in the apartment, Ryan said.

Colon died on June 28 at University Hospital in Newark, where she had been since the May 29 incident, Ryan said.

"We'll never know the exact circumstances of her going out the window," Ryan said. "It's not clear if she jumped or fell. We do know the witnesses said she was trying to get away from him."

Police gave the following account of the fracas leading up to Colon's fatal fall:

Colon was one of five women in the apartment on the night of May 28. During the course of the evening, two of the other women learned they were both dating Lugo.

Anxious to confront him with the discovery, one of the women telephoned Lugo and asked him to come to the apartment to protect her from her husband, who was beating her. The woman is not married, police said.

When Lugo arrived at the apartment, he was carrying a large, black handgun. He and the women began arguing, with one of the women attempting to

See NYC — Page 4

McCann capitalized on political power while out of office

Mayor probed for bank fraud

By Bill Campbell
Journal staff writer

The corporation formed by Jersey City Mayor Gerald McCann that has come under federal scrutiny is one of several firms he set up to capitalize on his political influence after losing the mayoralty in 1985.

A federal grand jury sitting in Newark is investigating McCann for tax and bank fraud relating to Historic Equishares, Inc., a corporation formed by the mayor in 1986 to develop real estate in New Jersey.

Historic Equishares operated from an office McCann

"That's kind of stupid to even ask that question. Everybody does it everyday. What are you supposed to do, forget what you know?"

Gerald McCann

On using politics in business

rented from the accounting firm of Dohohue, Gironda and Doria at 253 Academy Street in Jersey City. The building remains the home to other corporations formed by McCann.

See MCCANN — Page 5



Music lovers

Flutist Barry White, above, regales the Liberty State Park crowd with his Fourth of July music. At left, a group of spectators from Jersey City seems to be enjoying the show. They are, from left, Jim Niles, Francys Burch Pepper Ross and Anthony Hume.

Journal photos by M. Kathleen Kelly

Fire victims attempt to pick up the pieces

By Miri Ascarelli
Journal staff writer

WEST NEW YORK — Alba Iglesia was sleeping Tuesday afternoon when an explosion jolted her awake and black smoke began to fill the street. She escaped just in time, running out of her apartment at 6306 Bergenline Ave. in bare feet.

On Wednesday, Iglesia's temporary home was the Eldorado Motel, 2500 Tonnelle Ave., North Bergen.

She was wearing a purple T-shirt and pants, the same clothes she was wearing when she sprinted down Bergenline Avenue to escape the fire. They are the only clothes she owns now. On her feet, were a pair of

summer shoes. They were a gift — "regalato," she said.

Iglesia, an Ecuadorian immigrant, was not the only one left with just the clothes on her back. Her husband Alberto, her son, Wilmer Romero, and 29 other people were left homeless and without their possessions following an explosion at 4:30 p.m. Tuesday in Quimicos Manufacturers, a vitamin factory above the Be-Vi Natural Food Center, 6302 Bergenline Ave.

The explosion, which led to a general alarm fire, was caused by a heavy concentration of alcohol vapors ignited by a spark from a fan, Fire Inspector Ron Franco said Wednesday.

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Inside

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Today: Cloudy, showers, highs in mid 70's
Tonight: Showers, thunderstorms, low 70's
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Guarini's a rich lawmaker

His assets in \$9-\$14 million range — perhaps \$3 million other income

By Terrence Kivlan
Journal correspondent

WASHINGTON — Democrat Rep. Frank J. Guarini of Jersey City is not only perhaps the richest federal lawmaker from New Jersey but among the wealthiest in all of Congress, according to his latest financial disclosure report.

The congressman's 1991 report listed assets with a total value of between \$8 million and \$13.9 million and up. Guarini, whose congressional salary in 1990 was \$96,000, also reported between \$408,000 and \$3.3 million last year in outside income, including interest and dividend payments, and \$11,250 in speech fees.

Between \$50,000 and \$145,000 of the interest income came from deposits ranging from \$50,000 to \$100,000 each that he made in eleven savings and loans around the country in 1989 when cash-starved thrifts were offering higher interest rates to attract new investors.

Three of the eleven S&Ls were subsequently taken over by the federal government as a part of the congressional bailout of the industry.

The value of the congressman's assets were roughly double the range that he reported last year — an upgrade due mainly to a tightening of disclosure standards designed



U.S. Rep Frank Guarini
Richest in House

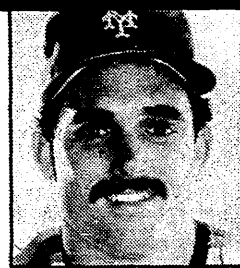
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Children from Northern Ireland get a chance at peace Page 13



■ **Inmate's throat slashed during clash at Hudson County Jail** Page 3
 ■ **3,000 city workers may not get paid unless emergency budget is OK'd** Page 2

Mets' HoJo set to make All-Star mark Page 21



Howard Johnson

THE JERSEY JOURNAL

125th Year — No. 58 □ ***

Tuesday, July 9, 1991

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McCann asks to see grand jury

By Michael Finnegan
 Journal staff writer

NEWARK — Jersey City Mayor Gerald McCann has asked prosecutors to let him testify before the federal grand jury investigating him for alleged bank fraud and tax evasion, sources said yesterday.

McCann's request is an apparent effort to avert an indictment by letting

Mayor hopes to present defense, avert indictment

the grand jury hear his defense before it decides whether to bring criminal charges, the sources said.

McCann, who denies wrongdoing, refused to confirm that he wants to testify.

The grand jury met yesterday for more than five hours at the federal

courthouse in Newark. U.S. Attorney Michael Chertoff, the top federal prosecutor in New Jersey, was in the grand jury room for 2½ hours. He declined to comment.

The grand jury had been expected to indict McCann as early as yesterday, but the mayor's request to be

heard has delayed the grand jury's decision for at least a week or two, sources said.

The FBI and the IRS are investigating whether McCann misused \$300,000 that a company he founded — Historic Equishares Inc. — received from a savings and loan association in Boca

Raton, Fla.

McCann was president and registered agent of Historic Equishares.

Agents from the IRS and the FBI's white-collar crime unit entered the grand jury room yesterday, but it was unclear whether they testified.

A grand jury is a panel of up to 23 citizens who meet for hearings over-

See MCCANN — Page 7

Toxic metal followed Homes test high for chromium

By Dan Rosenfeld
 Journal staff writer

Forty-two percent of Jersey City and Bayonne homes examined by environmental officials and 4 percent of their residents tested high for chromium contamination, according to an ongoing study.

Dust in eight of 19 homes had chromium levels twice as high as homes outside the county, according to the Hudson County Chromium Exposure Study.

Two out of 50 people who gave urine samples had elevated levels of chromium. One of those two was considered a false positive since the person was taking vitamins and medication containing chromium compounds.

"We're talking about levels that are far below health standards of occupational exposures," said Hank Garie, assistant director of the DEP division of science and research. Homes were tested in high contamination areas, including four along Grand Street, two on Ninth Street, seven in Lafayette Gardens Housing Project and six on Isabella Avenue in Bayonne. Letters to the people involved in the study were sent out yesterday by the state.

Levels in these homes were compared with chromium levels in five homes in Trenton and six in Highland Park.

Chromium-contaminated lots on Grand Street have 12,000 parts per million chromium

See HOMES — Page 7

Bush, panel say housing hindered by red tape

By Harry F. Rosenthal
 Associated Press Writer

WASHINGTON — President Bush and a high-level commission agreed on Monday with what many would-be homeowners have long believed: cut the red tape and buying a house will become easier — and cheaper.

"If we want to have affordable housing, we've got to confront this problem," the president declared as the 22-member panel weighed in with its report on regulatory barriers to homebuyers.

The commission's chairman, former New Jersey Gov. Thomas H. Kean, said housing costs are being driven up unnecessarily by "an increasingly expensive and time-consuming permit-approval process," as

See BUSH — Page 7

Going my way?



Journal photo by M. Kathleen Kelly

Fueled by a high-octane imagination, Tiffany Housey, 3, cruises along Bergen Avenue in Jersey City in her milk crate convertible. Her sister Shaneis, 6, seems to be trying to thumb a ride.

Man arrested behind wheel of locomotive

Conrail engine had been driven to Jersey City, back to Bayonne

By Greg Wilson
 Journal staff writer

The Great Train Robbery was nearly pulled off over the weekend in Bayonne.

But Conrail Police officers say they foiled the heist Sunday when they arrested Frank G. Meaney of Jersey City, after Meaney drove six miles in a Conrail vehicle.

Meaney didn't just commandeer a company car — he drove off in a half-million-dollar locomotive.

Meaney, 29, probably wasn't headed to a chop shop with Engine 7882, the 1976 EMD locomotive in which police found him, parked in the Bayonne Conrail yard on Prospect Street. The locomotive was not pulling any other cars.

Bayonne Police Lt. Robert Kubert said Meaney is a con-

ductor for a private freight railroad working out of South Kearny. Conrail officials would neither confirm nor deny that.

Conductors do not drive Conrail trains, according to Conrail spokeswoman Jean Kirshenbaum. Freight conductors have inspection duties and other unspecified responsibilities, she said.

Meaney entered the Conrail yard off Prospect Avenue in Bayonne about 11:30 a.m., according to Kubert.

From there, Meaney drove the locomotive at a 10 to 15-mph clip to a point near Chapel Avenue in Jersey City.

Meaney then put the train in reverse and drove back to Bayonne, where he was arrested, said Kubert.

Conrail police officers, who spotted the moving train

See JERSEY — Page 7

Maxwell worker tells how much it hurts

By Bill Campbell
 Journal staff writer

Richard Hansen had no idea a year ago that he'd ever be testifying before a congressional committee on unemployment insurance.

But then, he never thought the Maxwell House coffee plant in Hoboken where he had worked for 24 years would be shut down.

Yesterday, Hansen was one of about a dozen witnesses —

including New York Mayor David Dinkins — testifying in Manhattan before the House Budget Committee Task Force on Urgent Fiscal Issues chaired by U.S. Rep. Frank Guarini, D-Jersey City.

"The prospect of being without work at my age is not an easy task," remarked the 54-year-old scale mechanic, who will receive no medical benefits and about \$400 a month

See MAXWELL — Page 7

Inside

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Today: Mostly sunny, highs in mid 80's
 Tonight: Mostly clear, low 65 to 70's
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Wake held for slain tourist

Chinatown victim was visiting high school friends in Jersey City

By Ellen Moodie
 Journal staff writer

More than 50 mourners from around the country came to Jersey City yesterday to attend the wake of a young tourist killed by a stray bullet in Chinatown Thursday.

Rhona Lantin, 26, lived in Silver Spring, Md., but had been visiting high school friends who had immigrated from the Philippines to Jersey City. She was shot in the head while riding in a car to a late dinner.

Investigators believe the shots were fired across an

intersection during an internal fight between members of a violent Chinatown gang.

Her body will be flown back to the Philippines tomorrow, where her parents live in Los Banos, near Manila. She will be buried Saturday at Loyola Memorial Park in Marikina Rizal.

A few relatives spoke briefly to the reporters and photographers huddled at the entrance of the Mack Conte Funeral Home on Central Avenue.

The family does not blame

See SLAIN — Page 7



Rhona Lantin
 Victim of violence

Maxwell worker tells how much a layoff hurts

Continued from Page 1

when the plant closes in March. Yesterday's hearing was intended to push legislation to extend the 26 weeks of benefits given to unemployed workers. Rep. Thomas Downey, D-N.Y., has proposed a new supplemental benefits program that could provide an additional 20 weeks of coverage.

In a related development, Hudson County's unemployment rate jumped 0.5 percent in May to 9.3 percent, the state Department of Labor reported yesterday.

The county's unemployment rate in May was 1.9 percent higher than the previous May and nearly 2 points higher than the state's unemployment rate, said Raymond Daly, an analyst with the Department of Labor.

Downey's proposal would create additional weeks of benefits based on the unemployment rate in a worker's state or region. The payment would be funded through individual state funds

and the untapped \$8 billion federal unemployment insurance trust fund.

Lack of long-term unemployment benefits is a shock to the newly unemployed, said Guarini, who is a member of the House Ways and Means Committee which oversees the federal budget.

"Despite the severity of the recession gripping our region and the nation, many Americans are somewhat comforted by the belief that there is a safety net in place to cushion their fall," Guarini said. "But they are discovering that there are gaping holes in this net."

"The holes in the unemployment insurance umbrella were caused by years of neglect," Downey said. "They were caused by a full frontal assault on the unemployment insurance system by the Reagan administration."

"As a result of this neglect, the unemployment insurance system is weaker than during any other recessionary period since the end of World War II."

Speaking in support of the legislation, New

Jersey Labor Commissioner Ray Bramucci said the current program does not provide enough to tide over a family until a layoff ends or a new job is found.

"Today, it's much more difficult as more workers are being permanently dislocated from both their jobs and from the companies that produce those jobs," Bramucci said.

In the mid-1970s, unemployed workers received benefits for up to 65 weeks, he noted.

Municipal officials at the hearing supported the legislation, noting that the actual numbers of unemployed people are not reflected in the unemployment statistics provided by the government. Such statistics do not count those whose benefits have expired or have given up looking for work.

An aide to Mayor Dinkins said New York City's actual unemployment rate is 30 percent as opposed to the reported 9.2 percent, while Mayor Sharpe James of Newark estimated his city's rate at 40 percent, as opposed to the federal government's estimate of 10 percent.

"We need leadership that cares about rebuilding New York and Detroit and all of our major urban centers at least as much as it cares about rebuilding Kuwait City," Dinkins said.

Hansen, the Maxwell House employee, said after the hearing that his prospects of launching a new career at age 54 are not good. "I don't know where to go from here, but I do know that the (unemployment) benefits I receive will expire before I'm re-trained."

If Kraft-General Foods had delayed the decision to close the plant and move to Jacksonville, Fla., by three years, he would not have been affected, he said.

"I planned to retire at 57 and move to Florida with my wife," he said. "Now I can't, and I'm not the only one there who's in this position."

Some 300 Maxwell House employees have already lost their jobs, and another 300 will be laid off when the plant closes for good in eight months.

Board tired of repairs

By Pete Donohue
Journal staff writer

FAIRVIEW — The Board of Education wants to replace its three antiquated schools with a new facility capable of seating about 1,000 students, school officials said yesterday.

The schools are too small to handle the rising student population, school trustee Angelo A. D'Arminio Jr. said.

"We can't keep throwing good money after bad," D'Arminio said. "You can keep fixing an old car, but sooner or later you have to get rid of it."

The board wants to build the new school on the corner of Edgewater Road and Anderson Avenue, a 4.5-acre tract recently approved for a shopping center. It would replace School 3, English Neighborhood School and Lincoln School, officials said.

About 700 pre-kindergarten through eighth-grade students attend the schools. But the student population is expected to climb to about 1,000 in the next 10 years, D'Arminio said.

Last year alone, the board spent about \$750,000 on school repairs. All three buildings were built more than seven decades ago. School 3 opened in 1908 when Theodore Roosevelt was president of the United States.

D'Arminio estimated it would cost the board about \$2.5 million to purchase the land and another \$15 million to build the school. The board plans to issue bonds to finance the land purchase, a move that first must be approved by borough residents through a referendum. Board Secretary Patrick Caufield said the board hopes to hold the referendum in September. The board could later sell some or all of the aging schools to repay those bonds, Caufield said.

Last month, the Planning Board approved plans to build a 45,000-square-foot shopping center on the property despite objections raised by school officials. Developer Frank Raimondo, of Fort Lee, has since told the school board attorney he is not interested in selling the property, but the board will move to condemn the parcel, Caufield said.



Journal photo by Don McCoy

Ryan Lantin, brother of Rhona Lantin, the woman killed by gunfire in Chinatown, speaks to reporters outside her wake at Mack-Conte Funeral Home in Jersey City yesterday.

Slain tourist's wake conducted in Jersey City among friends

Continued from Page 1

New York, said Rico Carpio, an uncle from the Washington, D.C. area. "The mother said we have no bitterness against New York. This can happen any time, any place in the world."

But, he added, "The mother is concerned that justice be done."

Her brother, Ryan Lantin, 24, a postal worker from Irvine, Calif., stood politely for a few moments in front of the cameras. "We're all sad," he said softly. "She was a good sister. It's a big loss. The support is great. I never felt like this before."

The consul general of the Philippines, Rodolfo Arizala, paid his respects, although he did not know the family. "It's the Filipino tradition to help one another. They're very concerned when something happens to friends," he said.

The Rev. Anthony Randazzo of Our Lady of Mercy Church of Jersey City led prayers at the wake. "It was quiet, prayerful," he said. "The Filipino people like to pray."

Mourners, still speaking in the present tense, described a fun-loving, intellectual young woman who looked toward a bright future. She was about to receive her master's

degree in agricultural economics from the University of Maryland and planned to be married in May. She worked as an economist for the U.S. Department of Agriculture.

"She is a vivacious lady, very friendly, always smiling," Carpio said. "She's a leader, very popular. Look, she's not from this area but the house is full. There's such a network of friends, people we never expected to be here."

Fidelis Verzosa of North Brunswick grew up with the victim's mother, Rhoda, and saw her give birth to Rhona in Ames, Iowa, where she and her husband Renaldo were studying at the University of Iowa, she said.

"She is just nice. You can't say anything bad about her," she offered. "She has a good head on her shoulder, pretty intelligent."

Rhona loved New York, Carpio said. "She always had a good time when she came to New York. Whenever she came, she went to a Broadway show." On Wednesday, she and friends saw "Miss Saigon," he said.

On Thursday, she and her friends listened to jazz and watched fireworks at Liberty State Park before driving into Chinatown for a late dinner, friends said.

Jersey City man held in train engine theft

Continued from Page 1

leaving Bayonne, tried to flag down the train as Meaney headed for Jersey City. He was finally arrested by Officer T.E. Gillen at about 1:15 a.m. Sunday, according to Kirshenbaum.

Yesterday, Meaney, clad in a black leather jacket, said nothing as he was arraigned in Central Judicial Processing Court, where Judge Richard Nieto set bail at \$2,500.

It was the first such incident she had encountered, said Kirshenbaum.

"We operate in several

states, so it's hard to say, but I think you could say it was highly unusual," said Kirshenbaum.

She would not speculate on where Meaney learned how to drive a train, saying only that the incident is under investigation.

Meaney was charged with criminal trespass, theft and failing to respond to police commands to stop.

After his arrest, Meaney was handed over to Bayonne police.

After his arraignment, Meaney was remanded to Hudson County Jail.

Bush says housing hindered by red tape

Continued from Page 1

well as "exclusionary" zoning rules and "well-intentioned laws aimed at protecting the environment and other features of modern-day life."

The result, said Kean, "is that fewer and fewer young families can afford to buy or rent the home they want." He said he was shocked to learn that in some areas, 20 percent to 30 percent of housing costs is due to red tape.

"If even half the recommendations in this report were implemented," he said, "we would have 3 (million) to 5 million families who would be able to afford decent housing now, who could not afford it." Kean said that would include 500,000 to 750,000 more New Jersey residents who could afford homes.

Also chairman of the National Wetlands Policy Forum, Kean said it was possible to streamline environmental regulations and still save the nation's shrinking wetlands.

The commission, set up by Housing Secretary Jack Kemp, came up with 31 major recommendations, requiring action ranging from Congress down to the county level.

Bush agreed there are problems "of regulation and excessive red tape, the bureaucracy at times interfering." He added: "These are obstacles to make it difficult to construct housing for low-income families."

Among the city regulatory barriers the study cites are stumbling blocks in transferring titles of abandoned buildings so they can be renovated, lengthy approval processes for "historic" buildings, local codes written with new buildings in mind, and codes that hinder dividing houses into rental units.

In the suburbs, a different set of impediments exist, the commission says.

"Some communities gold-plate their subdivision ordinances because they know that developers, rather than the local voters, are paying," the report says. Even when there is no more need for some standards, some communities keep them.

"A look at some cost data can be very sobering," the report says. "Land developers in Central Florida... must add a \$15,000 surcharge to the price of a \$55,000 house to cover the cost of excessive regulation. In Southern California, the cost of fees alone has contributed \$20,000 to the price of many new homes, and fees of \$30,000 or more are not rare. In New Jersey, developers report that excessive regulation is adding 25 to 35 percent to the cost of a new house."

The report recommends that the federal government set an example by removing or reducing its own housing regulations, including relaxing a law that requires contractors to pay the local prevailing wage to workers.

It also says the government should provide incentives to

the states for getting local barriers removed, if necessary withholding federal funds until they do so.

Dan Mandelker, a professor of land use at Washington University in St. Louis, said the report is more of a political attack on the system than a practical guide to reforming it.

He said the report, while containing some very good recommendations, doesn't address the big-ticket items that drive the cost of housing: materials, labor and financing.

Kemp told reporters after meeting with the president that "we are all concerned that low-income people have the chance to get a piece of the rock of the American dream."

"Not only do many local jurisdictions control land uses and development within each metropolitan area," says the report, "but multiple levels of government and a multiplicity of agencies at each level also have responsibility for one aspect or another of this process."

The toughest barriers to affordable housing, it says, is the "NIMBY" sentiment.

"Residents who say 'Not-In-My-Back-Yard' may be expressing opposition to specific types of housing, to changes in the character of the community, to certain levels of growth, to any and all development, or to economic, racial or ethnic heterogeneity," the report said. "In any case, the intention is to exclude, resist change, or inhibit growth."

The report said housing assistance should not go to states and localities who maintain restrictive policies.

"It is inequitable and a waste of taxpayers' money to continue to provide housing assistance to governments that choose to maintain policies that limit housing affordability," it said. "Currently HUD is severely constrained from seeing that reform is carried out."

Among the panel's 31 recommendations:

—Establish an interagency Affordable Housing Regulatory Review Board to waive or adjust federal regulations so the supply of affordable housing can be increased.

—Share the cost with the states that plan and put into effect removals of regulatory barriers.

—See to it that government agencies take measures "to make conventional mortgages as available as those insured by the Federal Housing Administration."

—Raise the job-size requirement to match prevailing wages from the present \$2,000 to \$250,000. If the threshold were raised to that sum, said the report, "it is estimated that more than 50 percent of all contracts would be removed from... requirements (but) only 15 percent of the dollar value of all contracts would be so excluded."

The report also recommends relaxing wetlands and endangered species regulations.

McCann asks to testify to head off indictment

Continued from Page 1

seen by a prosecutor but closed to the public. Grand jurors can vote to indict a person if they find "probable cause" that he committed a crime.

But to win a conviction at trial, prosecutors must prove "beyond a reasonable doubt" that a defendant committed a crime.

Dick Lavinthal, a spokesman for the U.S. Attorney's Office in Newark, said he could not comment on McCann's reported request to appear before the grand jury.

James L. Kainen, an associate professor at Fordham Uni-

versity Law School in Manhattan, said it's "relatively unusual, but not unheard of" for targets of criminal investigations to testify in self-defense before a federal grand jury.

Prosecutors are not required to offer targets an opportunity to appear, but in white-collar crime cases, they usually invite the targets, Kainen said. Prosecutors can use testimony before a grand jury to incriminate the defendant at trial, he said.

But attorneys often advise clients who are targets that they have "nothing to gain and everything to lose" by going be-

fore the grand jury, said Kainen, a former federal prosecutor.

McCann's attorneys declined to say whether the mayor would testify.

Thomas Kranz, who managed Southern Florida Banc's assets after federal regulators took over the thrift in 1987, said last year that Historic Equishares was supposed to use the money to develop a marina and a golf course at Liberty State Park in Jersey City.

The company never submitted a bid to build the project, and Kranz said the thrift never learned how its money was spent.

McCann, who founded Historic Equishares during the four-year period between his two terms as mayor, has said he can show "where every dollar was spent," but refuses to disclose the expenditures publicly.

Last month, McCann said he expected to be indicted. He accused federal authorities of "trying to get me" in a politically motivated campaign of harassment.

Federal prosecutors would neither confirm nor deny that they are investigating McCann, but deny that politics motivates their pursuit of criminal cases.

Homes show high levels of chromium contamination

Continued from Page 1

and the former Ninth Street Firehouse had 26,200ppm, according to the DEP.

Levels in several sites near Lafayette Gardens are between 100 and 301ppm. Levels higher than 75ppm, about one-sixth of a grain in a pound of dirt, are considered unsafe by the DEP.

DEP officials cautioned against residents' comparing their homes to those in the half-completed study.

"I would have felt more comfortable with drawing conclusions if we tested the house next door and the house next door to that," Garie said. "Conditions vary so much it wouldn't be proper (to extrapolate)."

The goal of the study was to figure the most likely exposure routes residents face

from the county's 150-odd contaminated sites.

"Household dust might be a route by which people in Hudson County are exposed to chromate waste," according to the report. "The long-term health risks from these higher levels of chromium dust are not yet known."

Three companies gave away 3 million tons of chromium as clean landfill from 1905 to 1976. Environmental officials have found 2 million tons of the hazardous waste and vow to find the remaining million tons.

Chromium, a toxic heavy metal, has been linked to at least one death in Hudson County. It can burn the skin and respiratory tract and long-term exposure to its

most dangerous form (hexavalent) can lead to lung cancer.

Elevated chromium levels in the urine or blood do not necessarily mean that individuals will develop a chromium-related illness, according to the DEP.

"Here, we're talking about levels that are a factor of two above background," said Dr. Paul Lioy, an exposure measurement and assessment specialist with the Environmental and Occupational Health Sciences Institute. "We're not dealing with major exposure."

Environmental officials recommended not letting dust accumulate, to clean dusty areas frequently with a wet mop and avoid inhaling dust. Air samples also were taken in homes, but those revealed no elevated levels of chromium.

A complete guide to the Marlboro Grand Prix Page 37



Bernie Rosenberg recalls slain police officer Page 19



Ripken HR carries AL to All-Star victory Page 29



THE JERSEY JOURNAL

125th Year — No. 59 ***

Wednesday, July 10, 1991

35¢

Home Delivery — \$1.45 weekly

Council to present first SID budget

By Steven Kalcanides
Journal staff writer

The Bayonne City Council is scheduled to introduce the city's first-ever Special Improvement District budget tomorrow, a \$175,000 package that will go toward promoting and revitalizing the central business district.

The introduction of the budget for the Town Center Management Corp. (TCMC) is scheduled to begin immediately following the City Council's 2:30

\$175G package to improve central business district

p.m. caucus tomorrow in City Hall, 630 Avenue C.

The corporation was formed after the City Council's adoption last September of a "town center" ordinance creating a Special Improvement District from 19th to 27th Street on Broadway.

The TCMC board of trustees comprises Michael Minitelli, chairman,

Pay 'n Save; Carol LaScala, vice chairman, Career 'n Cradle; and David Burstein, secretary-treasurer, The Yardstick.

City Law Director F. Gerald Fitzpatrick said a public hearing must be held not less than 28 days after the approval of the budget at the Thursday meeting.

The budget could be adopted by

the City Council by as early as the Aug. 8 council caucus meeting, which will begin at 2:30 p.m. The council would have to hold an adjourned meeting to adopt the budget.

The SID work plan, made public in May, covers four areas: town center promotion, physical appearance, customer parking and convenience, and representation of issues and interests

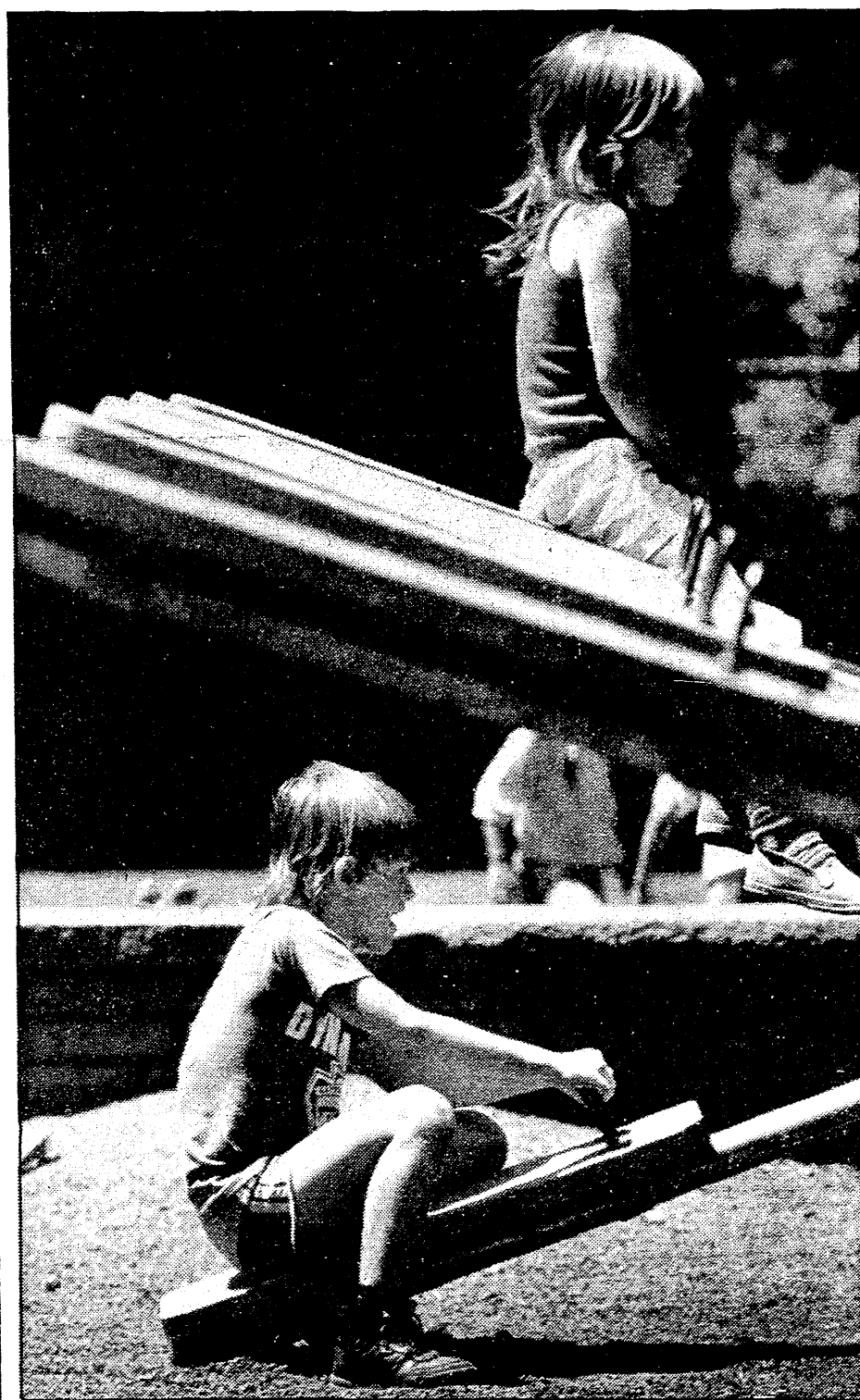
of the district.

Each of the four sections has its own budgeted amount, except for the town center promotion, which contains two budgeted amounts.

A draft of the budget shows a four-part breakdown of the \$175,000 budget. The four parts are promotion, representing \$63,500 or 40 percent of the budget; beautification, representing \$20,000 or 10 percent; parking, \$20,000 or 10 percent, and advocacy/coordina-

See COUNCIL — Page 4

The ups and downs of summer



Anne Marie Miller, 6, has a temporary height advantage over Clyde Mari, 8, as they make the most of the fine summer weather while playing on the bank of seesaws at Bayonne Hudson County Park.

Journal photo by Don McCoy

Prosecutor orders halt to building demolition

By John A. Oswald
Journal staff writer

Demolition of a never-occupied condominium complex in Jersey City was mysteriously halted yesterday by Hudson County Prosecutor Paul DePascale.

Three investigators from DePascale's office took documents relating to the complex at 20 Central Ave. and State Highway from the city's building and planning divisions late yesterday.

City officials said they were baffled by DePascale's request to halt the demolition.

The project's sponsor, Court House Mews Associates of 591 Summit Ave., decided earlier this year not to complete the work, said Construction Code Official Michael Regan.

In December, Regan sought to fine the developer, Edwin J. Carcich of Hoboken, for abandoning the 50-unit, \$3.4-million development. Construction permits were issued in March 1988, according to city records.

Three weeks ago, Regan issued permits to tear down the site's two masonry buildings — a two-story townhouse and a fi-

ve-story structure — that had been abandoned for a year. The smaller building was removed two weeks ago and it was demolition of the remaining structure that DePascale stopped yesterday.

City officials said they were uncertain why the complex was never completed but noted that

work was abandoned as the real estate market collapsed and funding sources dried up. One elected official, speaking on condition of anonymity, said the developer was seeking funds for the project from sources in Panama.

See BUILDING — Page 4

Housing panel got it wrong, say officials

By John A. Oswald
Journal staff writer

A presidential commission that called excessive regulation an obstacle to affordable housing missed the mark, Jersey City officials said yesterday.

As they see it, the lack of a financial commitment from the federal government is the main stumbling block.

A federal housing commis-

sion chaired by former New Jersey Gov. Thomas H. Kean said on Monday that "an increasingly expensive and time-consuming permit approval process" has prevented three million to five million families from buying homes.

But officials and developers said that is not the case in Jersey City.

"I don't like people pointing to regulation as the reason why

See HOUSING — Page 4

McCann claim contradicted

Says he hired ex-attorney general, but Kimmelman has 'no recollection'

By Bill Campbell
Journal staff writer

Former state Attorney General Irwin Kimmelman, whom Jersey City Mayor Gerald McCann claims engineered the financial structure of a company being probed by federal prosecutors, says he has "no recollection" of the company.

Kimmelman, who is currently a state Superior Court judge in Essex County, said yesterday that a computer search of records at his old law firm revealed no listing of the Historic Equishares firm.

"There is no record of doing any work for Historic Equishares," Kimmelman said through his secretary yesterday.

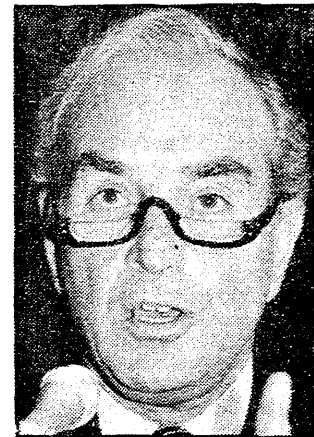
Historic Equishares Inc., and McCann, its president, have come under investigation

by the U.S. Attorney's Office in Newark.

A source familiar with the investigation said the probe centers on McCann's alleged personal use of \$300,000 of Historic Equishares' capital that had been earmarked for bidding on a marina and golf course at Liberty State Park.

McCann has repeatedly denied wrongdoing, maintaining that the corporate amendments authorizing him to spend funds from Historic Equishares' ac-

See EX-ATTORNEY — Page 4



Irwin Kimmelman
Doesn't remember

No Joisey bashing allowed this week

By Jane E. Allen
Associated Press writer

WASHINGTON — You won't have New Jersey to kick around anymore — at least not for a week. A Georgetown book and record store called a halt to Joisey-bashing by declaring "Be Nice to New Jersey Week."

But even it couldn't resist a jab. "New Jersey is the brunt of a lot of abuse," said Dianne Conley, who organized the display at Olsson's. "Nationwide, it has a reputation for being filled with chemical waste and kind of

cheesy stuff.

"That it is the Garden State," said Conley, the store's assistant book manager, "makes for a bit of a paradox."

The window display on bustling Wisconsin Avenue glorifies New Jersey's authors and musicians, promotes its beaches, boardwalks and casinos — and even publicizes the state insect, the bee.

But it's not all nice.

Also featured in the display, which went up Sunday and comes down Saturday, are such volumes as "Global Dumping Ground" and "Greasy Lake and Other Short Stories."

"It's just been really bizarre the

amount of attention this is getting," said Victor Gaberman, manager of the record department at Olsson's.

Inside the store window, surrounding a state road map, are Frank Sinatra CDs, recordings of Bruce Springsteen, Bon Jovi, Southside Johnny, and The Feelies.

There are also travel guides to Interstate 95 and the Jersey Shore, and novels by Philip Roth, Stephen Crane and F. Scott Fitzgerald.

In addition, there are poems by William Carlos Williams and Walt Whitman, biographies of actor Jack Nicholson and

See JOISEY — Page 4

Inside

WEATHER:



Today: Increasing clouds, high 80 to 85
Tonight: Cloudy, chance of rain, mid 60's
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Minorities endure more illnesses

By Dan Rosenfeld
Journal staff writer

As health steadily becomes a condition based on wealth, urban minorities suffer from disease and early death more often than white suburbanites, according to a panel meeting last night in Jersey City.

Doctors, nurses and health officials told the Advisory Committee on Minority Health that limited access to care, spotty health education, drug abuse and poor nutrition are wreaking havoc among minority families.

"There's a need to restructure the entire health care delivery system," Mariano Vega, Hudson County chief of

See MINORITIES — Page 4

Ex-attorney general Kimmelman contradicts McCann

Continued from Page 1

counts were drawn up by Kimmelman. He has further said that the law firm and Kimmelman were responsible for insuring that the expenses met the provisions of the loan agreement. The \$300,000 in capital was provided by Southern Florida Banc Savings Association of Riviera Beach, Fla. The thrift was seized by federal regulators in 1986.

"If he denies any knowledge of Historic Equishares, he should think a little harder," McCann said yesterday. "I met him at his office when I selected his law firm."

Historic Equishares' certificate of incorporation, filed with the state on March 13, 1986, is signed by an associate of Kimmelman's former law firm, Kimmelman, Wolff & Samson.

The attorney of record, Roger J.

Breene, has acknowledged that he signed standard incorporation papers but has "no recollection" of what happened to the company after 1986.

The incorporation papers signed by Breene do not specify who has access to the company's assets.

Breene said yesterday he "knew not a thing" about how the \$300,000 was spent. He said he has turned over what documents he had to Assistant U.S. Attorney Eric Tunis, who is handling the investigation.

But McCann said Kimmelman played an active role in the company and said a resolution drawn by Kimmelman and ratified by the company's five other directors authorized him "to do anything with the money I want to do to run the business."

In response to McCann's repeated statements of Kimmelman's involve-

ment with Historic Equishares, Kimmelman had said last week he had "no recollection" of the company, adding that he left all his records as a private attorney with the firm.

Kimmelman said he is not familiar with the company.

"I have no files, I left them with the law firm (when I became a judge)," Kimmelman said through his secretary yesterday. "I have no recollection of the matter."

Yesterday, Kimmelman's secretary called The Jersey Journal to add that no records were found at the firm. "The judge checked his records with the firm and there is no record of doing any work for Historic Equishares. No records were found in a computer search."

Asked if she was aware of McCann's comments about Kim-

melman's involvement, she said: "That's why the judge checked his records."

McCann said yesterday he was "baffled" by Kimmelman's denials.

"He took my \$7,500 check to represent Historic Equishares, and the entire \$300,000 was wired from Florida to Kimmelman's law firm's trust account."

"He was the one who had to authorize whether we met the conditions of the loan (with Southern Florida Banc)," McCann said.

"There's no way he could not remember Historic Equishares."

McCann said that in addition to canceled checks, he had some 15 documents on the Kimmelman, Wolff & Sampson letterhead. He did not specify how many or whether any of the letters or checks had been signed by

Kimmelman.

McCann said he had chosen the firm because Kimmelman had recently stepped down as state attorney general to begin a private practice.

"I wanted someone above reproach, so I went to the attorney general," McCann said. "He wasn't some Joe Blow, he was the state's chief law enforcer."

The mayor acknowledged again yesterday that he expects to be indicted on charges stemming from a federal probe of his business activities. McCann has asked prosecutors to allow him to testify before the federal grand jury investigating him.

Staff writers John A. Oswald and Michael Finnegan contributed to this report.

Minorities endure more illnesses

Continued from Page 1

social services, told the committee in City Hall. "Our society is changing and our health care delivery system needs to change along with it."

White New Jersey residents can expect to live to 76, but the average minority will only reach 71.8, according to the state Department of Health. Non-white infant mortality was 250 percent higher than white children's.

In 1988, life expectancy for African-American males declined from 65.2 years to 64.9 years, according to the committee's interim report. African-American women's average lifespan also declined from 73.6 years to 73.4.

Minority children are 32 percent more likely to be hospitalized than white children. The AIDS rate for minority children is 12.5 times higher than for white babies.

"We're picking up more and more drug screenings in our prenatal unit," said Cynthia Scott, education director for Horizon Health Center in Jersey City.

Close to 10 percent of women who come in for prenatal care test positive for some type of drug, Scott said. In 1989, almost as many blacks were treated in drug treatment centers as whites, despite the white population's being six times larger than the black, according to the report.

Health officials blasted federal cuts in drug-treatment programs since 1980. More than 2,000 New Jersey residents are waiting for drug treatment slots.

The committee, and several who testified before it, have called for Health Enterprise Zones in urban areas. These zones, similar to Urban Enterprise Zones, would identify areas with low patient-doctor ratios, high infant mortality and high poverty.

Tax incentives and low-interest loans would be used to lure doctors and dentists to these zones. Malpractice insur-

Kellogg changes

BATTLE CREEK, Mich. (AP) — Kellogg Co. said yesterday it is changing the name of its Heartwise cereal to Fiberwise at the urging of the U.S. Food and Drug Administration.

The name will be changed when supplies of Heartwise run out, the company said.



Journal photo by Scott Lituchy

A crane operated by workers from City Construction begins the demolition of a never-occupied condominium building on the south side of State Highway and Central Avenue in Jersey City. For undisclosed reasons, Hudson County Prosecutor Paul DePascale halted the demolition.

Building demolition ordered halted

Continued from Page 1

Carcich could not be reached for comment and the attorney representing the project, Richard Seltzer of Jersey City, did not return repeated calls for comment.

Carcich's Hoboken office is also headquarters for the original contractor for the project, Black and Gold Construction Corp.

The three investigators who met with Regan and City Planning Director Robert Cotter said DePascale was supervising the inquiry into the project and referred all inquiries to him. DePascale was also unavailable for comment.

The investigators photocopied project documents in Cotter's office, officials said.

Before meeting with the investigators, Regan had said he planned to have the demolition work completed because of possible hazards.

"Stopping the job would have left a condition that was really detrimental to the health, safety and welfare of the community," Regan said.

After ordering workers to remove some dangling chunks of concrete and steel, Regan said he would comply with the request to leave what remained. Approximately 10 percent of the five-story building had been torn down.

Joisey bashing banned by bookstore

Continued from Page 1

singer Paul Robeson, and a smattering of picture-perfect postcards.

Even a book that gives New Jersey credit as the home of baseball, called "The Jersey Game."

According to Alicia Greene, advertising director for the five-store Washington-area chain, Olsson's found itself with an interim week between other major promotions.

Store managers took a merchandising cue from a handout distributed at the American Booksellers Association meeting in New York last month.

With such suggestions as marketing July 22 as Rat Catcher's Day and July 12 as Different Colored Eyes Day, Olsson's settled on New Jersey. And none of the folks associated with the store are New Jerseyans.

A call to the office of Sen. Bill Bradley yielded maps and a "New Jersey and You: Perfect Together" bumper sticker.

The New Jersey Democrat, a Princeton University basketball legend, gets a nice boost from a copy of "A Sense of Where You Are," the John McPhee profile of Bradley's collegiate days.

The rest just fell into place

using "what we had available and could think of quickly," Gaberman said.

And it seems everybody knows somebody from New Jersey.

"People have been coming in and asking for the fliers and saying their parents are from New Jersey and they want to send it to them," Conley said.

Just Monday night, evening strollers stopped in clusters to look more closely at the proclamation.

"Everybody is from New Jersey," said Janet Hutchinson of Pittsburgh.

But, she added, "Nobody lives there."

Housing panel got it wrong, say officials

Continued from Page 1

housing can't be built," said city Affordable Housing Director Annemarie Uebbing.

"Some of the concern about over-regulation is not necessary. I think a lot of the regulations have been for the health and safety, which is good."

Uebbing, who is in charge of coordinating various financing programs to make new housing affordable to people with low and moderate incomes, said a shrinking funding pool makes construction particularly difficult.

The federal Affordable Housing Act of 1990 included a proposed program called HOME, originally slated to infuse Jersey City with \$4.7 million. The proposed funding has now been slashed to a quarter of the original amount — \$1.8 million — and may be cut further.

"We find this is a deadly time to be building affordable housing," says Roy Benjamin, a principal in J.P. Affordable Housing, one of the few firms currently engaged in construction of new housing in the city.

"Banks are frozen in fear," said Benjamin.

The spate of bad loans that led to the national savings and loan crisis has made new money for housing tighter than it has been in years, officials say.

Uebbing said banks now add on a layer of bureaucracy when determining whether to

fund new projects by requiring a strict review process, including environmental testing that the city may have already conducted.

Part of the federal report dealt with exclusionary zoning and restrictions that discourage development. Uebbing said there are no such restrictions in Jersey City.

"I don't think we see it as much in a city like Jersey City where we encourage development. We don't put items in our zoning ordinance to discourage development," she said.

Benjamin, who has constructed housing in several parts of the state, said that in Trenton, unbending rules on lot sizes have added up to \$4,500 per house on construction projects he sponsored there.

One recommendation of the Kean commission that Uebbing and Benjamin applauded was a proposal to make the use of federal funds in housing construction easier.

Current law requires construction workers to be paid prevailing union wages if they are employed at any project receiving \$2,000 or more in federal funds. The Kean commission recommends a new threshold of \$250,000.

The law, known as the Davis-Bacon Act, now prevents the use of federal funds in new housing construction if prevailing union wages are not paid. The wages, Uebbing said, make it nearly impossible to build affordable housing without major subsidies.

Council to introduce first budget for SID

Continued from Page 1

sion, \$71,500 or 40 percent.

The TCMC budget will rely on obtaining \$145,000 from special assessments on commercial properties in the SID, and \$30,000 from other sources such as program fees, grants and general fund raising.

The \$145,000 would be derived from tax collections levied on all commercial properties in the SID. The levy would be .0025 percent of the assessed value of the property, according to the TCMC.

Listed under promotion is holiday lighting and entertainment, July Sidewalk Sale, May/June activities, August/September activities, the Moonlight Sale, a mail marketing program, and retail promotional programs.

Beautification includes landscaping/planters, a pole-mounted banner system, a cable-mounted banner system, and litter receptacles, according to the draft.

The parking aspect of the draft proposal deals with a possible shopper discount courtesy token program for SID business owners and shoppers.

The advocacy/coordination aspect of the draft deals with costs for a district manager (\$30,000); administrative sup-

port (\$11,500); professional support (\$15,000), and rent, utilities, phone and equipment (\$15,000).

Promoting the town center as a shoppers' destination will entail developing a promotional calendar of events designed to strengthen existing events, according to the TCMC.

Promotion of the town center also will deal with developing new promotional strategies to strengthen the city's existing share of the regional market base to attract more customers to local stores.

Such strategies include an institutional direct mail-marketing campaign and a retail promotional program targeted at consumers in Staten Island and Jersey City.

Employing a full-time professional staff and part-time clerical support is contemplated. Professional support for the board and committees and a fully equipped office are also proposed.

Minetti wrote a city official recently saying he expects the board of trustees to first sit on Aug. 2 and anticipate funding to be available for the operation of the SID and TCMC from that time forward.

Scientists fear space station will cripple small projects

WASHINGTON — Funding for huge science projects such as the space station or a super atom smasher could eat into money for small-scale endeavors over the next few

years, according to a new Congressional Budget Office report.

The CBO conclusion is shared by a group of scientific societies, who held a press con-

ference yesterday to express their fears that small science programs could be swamped in the funding wake left by Space Station Freedom.

The societies sent a letter to

all members of the Senate, saying that "we are particularly concerned that the excessive cost of the proposed space station threatens the vitality not only of NASA's science and technology programs, but those of other independent agencies as well."

The CBO report concluded that the Bush administration has requested enough money for both large and small science, but congressional budget cuts could reduce the funds of small science programs.

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Traditional sounds of Guatemala preserved

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Galaxy figure Menendez sentenced to three years' probation

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Agitated Bush defends nomination of Gates to head CIA

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Mets dump Padres for 9th straight victory

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THE JERSEY JOURNAL

125th Year — No. 62 ***

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Movie-goers attacked at Newport

By Dan Rosenfeld
and Philip P. Pan
Journal staff writer

A group of teens wearing black hoods randomly started attacking movie-goers at the Newport Mall Food Court before the last showing yesterday of the new Los Angeles gang film *Boyz n the Hood*.

The violence spread to several floors of the mall, outside the Downtown Jersey City building and into the

8 arrested after riot at gang movie

Pavonia/Newport PATH station about 9:45 p.m., police said. At least eight people had been arrested, according to early reports by police. Three of them were juveniles from Newark and they were charged with improper behavior and rioting, police said.

Police stationed at the Mall sent

out a city-wide request for aid and 10 police units and paramedics responded. Police, including the K-9 unit, were systematically clearing the mall and theatres at press time.

Boyz n the Hood opened last night across the country. The film starring rapper Ice Cube features gang vio-

lence in south central Los Angeles which is considered one of the most drug-torn areas in the nation. The 10:30 showing of the film was sold out and large groups of teen-agers were gathering in the adjacent Food Court.

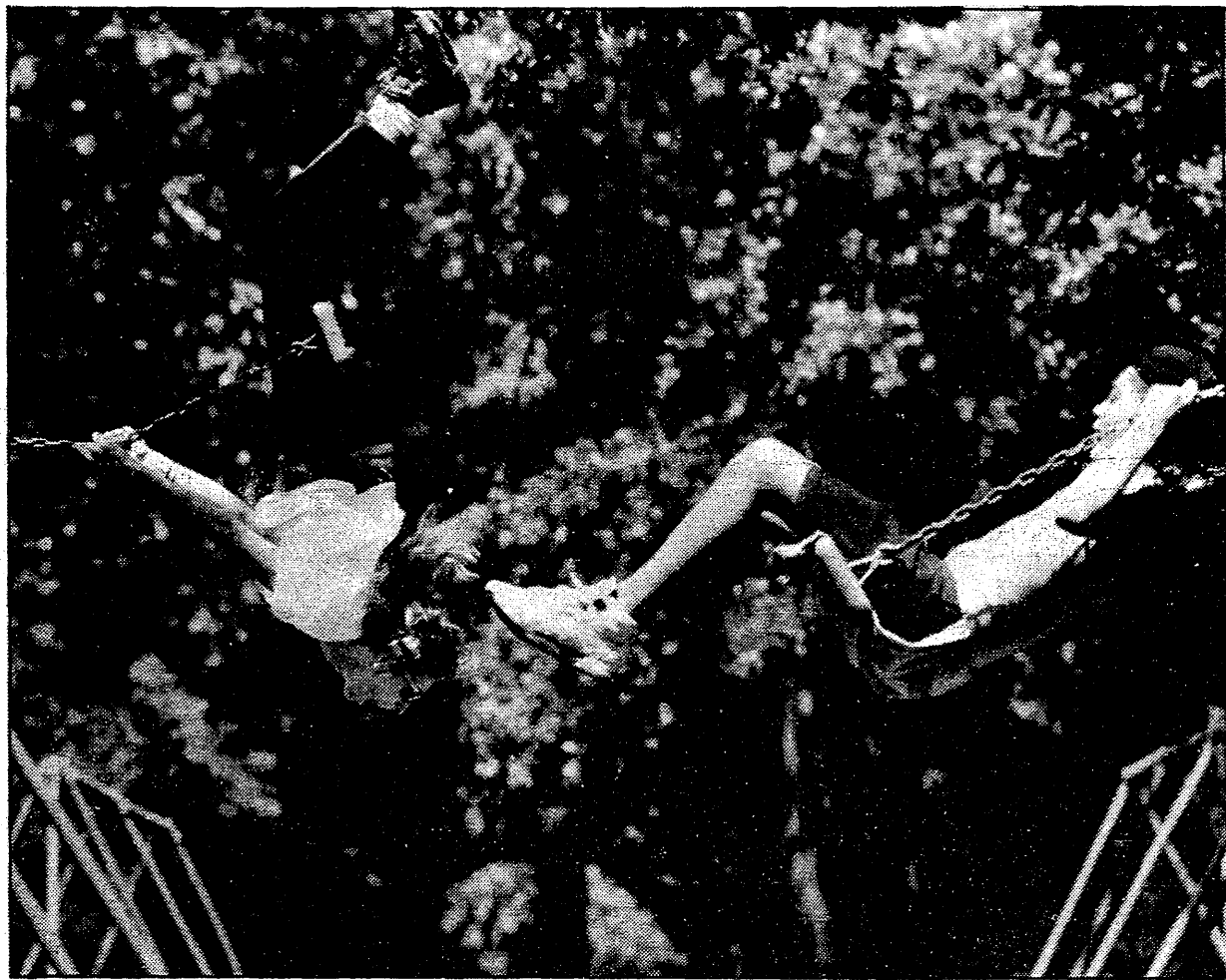
"Suddenly there was a group of kids — about a 30 or so — yelling and

running around," said Farhan Matim, who was going to see the 10 p.m. showing of *Terminator 2*. "Tables were being overturned. A lot of these guys had the same type of sweatshirt on and the hoods pulled up."

After a few minute lull, the violence started again, witnesses said. A witness, who refused to give his name, told of seeing a teen-ager pick up a movie display sign and smash another

See HOODED — Page 5

It might as well be swings



Journal photo by Don McCoy

While on break from working in Bayonne County Park, Nick Manobianco and Brian Mazzarella soar to incredible heights on the playground swings.

Cemetery sued over misplaced body

By Greg Wilson
Journal staff writer

The family of a woman whose body was misplaced by cemetery workers filed a civil suit yesterday in Hudson County Superior Court.

The suit, which names Bay

View New York Cemetery Association and cemetery caretaker John T. Murphy as defendants, seeks damages for mental anguish and legal fees incurred as the family tried to locate the body.

Roberto Cruz Figueroa, Evangelina Rodriguez and Mercedes Rodriguez, the chil-

dren of the late Monserate Figueroa, are the plaintiffs. They have hired Bayonne attorney Leonidas P. Doumas.

Figueroa's children purchased plot No. 5, row 41 on Dec. 10, 1990, in anticipation of their mother's death, which came Dec. 21, 1990. The deed for the plot indicates that the

family paid \$400 for the grave site.

But the family said they noticed recently that their mother's headstone was not over the grave in which she was buried.

They said their contention was supported by pictures tak-

See CEMETERY — Page 5

2 men deported after finishing jail terms

By Philip P. Pan
Journal staff writer

Two Jersey City men released from state jails after completing their sentences were deported to their native Dominican Republic yesterday morning, the Immigration and Naturalization Service announced.

Rolfo Antonio Lopez-Garcia, 32, a drug dealer, and Rafael Antonio Bueno-Ovalles, 40, convicted in an armed robbery, were ordered deported by immigration judges last month and were put aboard a 10:32 a.m. flight to Santo Domingo yesterday, Lorelei Valverde, supervisor of the deportation office in Newark said.

Bueno was sentenced to eight years in the Northern State Correctional Facility in Newark after he was arrested in Hudson County for selling

cocaine to an undercover police officer in 1986, officials said.

After serving a mandatory minimum of four years, Bueno was detained by the Immigration Service and ordered deported on June 21, 1991, authorities said. Bueno immigrated to the country in 1980.

Lopez-Garcia was sentenced to seven years in the Southern State Correctional Facility in Delmont after he was convicted of charges stemming from a 1979 armed robbery of a Jersey City liquor store, officials reported.

Lopez-Garcia was a fugitive for about seven years after the crime and served three years in prison before he was taken into custody by the Immigration Service in April, officials said. He was ordered deported on June 27, 1991.

Inside

WEATHER:



Today: Showers and thunderstorms, highs near 80.

Tonight: Chance of sprinkles late tonight, lows mid 60s to low 70s.

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Cocaine worth \$10,000 seized, three arrested

By Stan H. Eason
Journal staff writer

Over \$10,000 worth of cocaine was seized late Thursday night with the arrest of a Jersey City man known to police as high-level drug dealer, police said.

Rashard Servance, 23, of Monticello Avenue, was arrested on drug trafficking offenses in the culmination of a two-week surveillance action carried out by the Jersey City Police Department's Narcotics Bureau. Also arrested were two other Jersey City residents.

Using the street name of "Shoebug", Servance was known as the main cocaine supplier in the areas encompassing Park and Prescott streets and Astor Place and Monticello

Avenue, police said. He was arrested 15 minutes before midnight Thursday in the Grand Street apartment of Emelia Caban, who was also charged with several drug trafficking offenses, police said. Caban acted as the distributor in Servance's operation, police said.

"We consider it an important seizure because all that we stopped was destined for the area of Park Street," said Lt. Gary Lalo, Commander of the Narcotics Bureau. "We feel this arrest should alleviate some of the problems there."

Police recovered 231 jumbo vials of cocaine and eight ounces of pure-rock cocaine, police said. Also recovered from the raid was a scale used for weighing and dispensing, hundred of empty vials, caps and rubbers bands, police said.

because of state budget woes. The HRHC received \$268,577 last year in DEP matching grants, but will get \$130,936 this year.

"That's basically our entire environmental health money," said Robert Ferraiuolo, HRHC director. "More funds are going to have to be forthcoming if we're going to put in place the kind of environmental health program this county badly needs and deserves."

See COUNTY — Page 5

Now McCann grand jury talk is postponed

Waiting for the latest top City Hall pasttime

By John A. Oswald
Journal staff writer

For the past year, the number one pastime in Jersey City City Hall has been waiting for layoff notices. But now, listening for the latest gossip or news about the pending indictment of the man who orders the layoffs is the favorite fare.

Mayor Gerald McCann is being investigated by a federal grand jury sitting in Newark

for possible bank fraud and tax evasion related to a \$300,000 investment in a firm he founded as a private citizen in 1986.

The mayor had been scheduled to testify before the grand jury on Monday, according to sources. But late yesterday, attorney Matthew Boylan, one of more than a dozen attorneys advising the mayor, said the appearance was postponed. Mc-

See McCANN — Page 5

State halves aid for county health panel

McCann's visit to grand jury is postponed

Continued from Page 1
Cann said he has a meeting with Congressman Frank Guarini in Washington.

"McCann is scheduled to appear before the grand jury on July 29th," said Boylan. He would not comment further. McCann has declined to comment whether he was ever to appear before the jury. Sources close to the mayor said he has yet to decide whether to testify on the 29th or at a later date.

Assistant U.S. Attorney Eric Tunis, who is handling the case, declined to comment.

No matter what the twist in the investigation, tongues will likely continue to wag until the mayor is indicted, as he and sources predict, or until the case fizzles out.

Walk into any city office, whether it be City Hall or those in 26 Journal Square, and talk about the mayor's legal troubles.

"We can't wait for the morning paper," said one secretary. "My boss is on vacation and he calls every day to find out the latest."

She, like more than a dozen employees interviewed, declined to identify themselves for fear of angering the mayor.

"It's not like we're against Gerry," one worker explained. "In fact, I voted for him. It's just that we can't wait to find out what is going to happen next."

But others are not so benevolent. One laid-off police officer called The Jersey Journal last week and said he offered the U.S. Attorney the use of his handcuffs if McCann is charged.

When former Attorney General Irwin Kimmelman, a top Republican, denied McCann's claim this past week that he was the mayor's attorney in the questioned business deal, heads really spilled.

Many workers said they believe the mayor's charges that the investigation

is a vendetta against him because of his status as the Democratic mayor of a big city.

"I am wondering who he pissed off in the federal government," said one city director. "You are talking about a risky drink company."

McCann now says he is not so sure he will be indicted. And, he of course maintains that he will be found innocent if he is charged.

"I have been going over this over and over again. I am looking to see if I am vulnerable and I just can't find anything," he said. The mayor has said he can document how the \$300,000 his firm, Historic Equishares, received

from a failed savings and loan, was spent. He declined to open his books to reporters, however.

McCann, who says he is unfazed by the probe but unhappy with the embarrassment it has caused his family, maintains that the investigation has not interfered with his mayoral duties.

"It takes up some time, but I think what is self evident to me and everybody else is the prosecutors and the FBI have falsely accused me of something and their leaks are more evidence of the political aspect of it."



Associated Press photo

Wearing a barrel made of paper, Rutgers student Brian Villa addresses the university's board of governors to protest a 9 percent tuition increase the board approved after he and others spoke.

Salaries and tuition going up at Rutgers

By Amy Teibel
Associated Press writer

NEWARK — Rutgers University's Board of Governors appeared faculty but antagonized students yesterday when it approved a \$710 million fiscal 1992 budget that provides for pay raises and a 9 percent tuition increase.

At the board's meeting, president Francis Lawrence also unveiled some of his plans to reorganize the 225-year-old institution, including a shakeup in the highest levels of Rutgers' administration.

By backing down on its intention to withhold negotiated salary increases, the Board of Governors averted a faculty strike that union members at the New Brunswick campus authorized Wednesday.

The rumble with the faculty began in May when the board voted unanimously to withhold \$19.8 million in faculty raises due to be paid July 1. Wary that the state might pay only a portion of the salary hikes, the board said it wouldn't pay any increases until Trenton forwarded a check covering the entire sum.

"We're so pleased that the board had the courage to reverse itself," said Wells Keddie, president of the New Brunswick council of the American Association of University Professors. "It was a cordial meeting for a change."

Keddie said he was not surprised by the board's decision because meetings this week with newly assigned administration negotiators went well.

Students said they were surprised — and dismayed — by the tuition increase.

Student lobbyist Brian Villa came to the meeting wearing what appeared to be only a paper barrel, signifying what he called "the destitute financial nature of the student body," after more than a decade of annual tuition hikes.

Villa said he had expected the board would make a goodwill gesture to the students, who helped to persuade lawmakers to restore much of the funding to higher education that had been cut from the state's 1992 budget.

"We're being abused, just like children," Villa said. "If I were a child specialist, I would charge the Board of Governors with child abuse."

The increase means that annual tuition for most full-time Rutgers undergraduates will climb in the fall to \$3,114 from \$2,856.

Even though state funding was restored for fiscal 1992, the board said, tuition would have to go up to offset state funding cuts in fiscal 1991 and to help pay for extended library hours and new academic services.

Much of the thunder from Lawrence's restructuring plan had been stolen by media reports this past week of a shakeup in the university's hierarchy. T. Alexander Pond revealed his intention to resign as executive vice president. Catharine Stimpson announced her resignation as dean of Rutgers' Graduate School, and Felix Browder, the school's vice president for research, disclosed that he was asked to resign.

All three plan to return to faculty positions, though Pond first intends to take a year's leave, Lawrence said.

Announcement of Lawrence's plan confirmed reports of the departure of Susan Cole, vice president for personnel and administration, and Norman McNatt, the school's corporate secretary. Cole will go on leave this year and will not return to the university; McNatt has resigned from the university, Lawrence said.

The reorganized upper echelons will include a consolidation of Stimpson's and Browder's positions, and the creation of two new vice presidencies for undergraduate affairs.

Higher priority will be placed on academic support services such as learning centers, as well as on the school's mission to serve off-campus populations.

Lawrence said these other activities will not be promoted at the expense of the university's research program, which blossomed during the 10-year tenure of his predecessor, Edward Bloustein.

County health panel's aid halved

Continued from Page 1

While the money from Trenton dries up, the mandated programs the HRHC must enforce snowball. The latest amendment to the County Environmental Health Act expanded HRHC authority to include pesticides, radiation, Right-to-Know laws, and hazardous site cleanups. The HRHC is still required to monitor the county's air quality and cite air and noise polluters.

HRHC repealed its own industrial and occupational health ordinance last year be-

cause earlier budget cuts left them no one to inspect county factories.

"This time we didn't have to cut any personnel," Ferraiuolo said. "We anticipated this and we bought vehicles and air monitoring equipment last year."

HRHC has 3.5 staff positions to enforce environmental regulations in the county which has the worst air quality in the state. HRHC experts frequently work with Jersey City Fire Department Hazardous Material unit during fires, spills and

other chemical emergencies. Before earlier budget cuts the HRHC was one of the lead agencies working on the Hudson County chromium cleanup.

"We would have loved to have met the same level of funding we did the previous years, but that was all the money," said John Hagerty, a DEP spokesman. "I don't think the actual programs will suffer because a lot of the hardware is in place."

Freeholder Lou Manzo, a former Jersey City health official, introduced a resolution

Thursday for the county to give HRHC an additional \$50,000 to help make up the shortfall.

"They'll comply with the bare minimum of enforcement," Manzo said. "We don't have any occupational program and we need it. We still have a lot of blue collar industry in Kearny and Jersey City."

The HRHC issued \$281,000 in air pollution penalties alone last year which was all forwarded to the DEP.

"We always give back DEP more in total than they give us," Ferraiuolo said. "That's not necessarily a complaint."

Hoboken may end resident-only parking

By James Efstathiou
Journal staff writer

HOBOKEN — The Parking Authority has recommended scraping a resident parking program that prohibits out-of-towners from parking on city streets.

In a confidential report to the City Council, the HPA said the resident parking law costs too much to administer and fails to preserve parking for city residents.

The council adopted the law that sets aside most street parking for city residents in 1988 in an attempt to deter Manhattan commuters from using city streets as a commuter parking lot. Hoboken

was the first municipality in Hudson County and among the first on the East Coast to adopt such a measure.

The program requires residents to purchase a permit for \$5 in order to park on most residential streets. Cars without the sticker found to be parked in the city for more than four hours are immobilized with a parking "boot" and a summons is issued to the owner.

First Ward Councilman Thomas Newman said the program is a success, particularly in his ward, in the Fourth Ward where commuters find quick transit links to Manhattan, and anywhere near Washington Street's Manhattan bus routes. Newman said the HPA's decision to end the program

"breached logic" and suggested that the agency was simply fed up with the cost and burden of enforcing the law.

"I think it's the money and it's a headache," Newman said. "They took a lot of abuse when we eliminated the out-of-state plates."

Newman was referring to recent amendments to the law that require those seeking permits to show a drivers license and car registration with a Hoboken address. In the past, rent receipts or utility bills were accepted as proof of Hoboken residency resulting in permits being issued to cars with out-of-state license plates.

When the change was made,

hundreds of residents who registered their cars at out-of-state or out-of-city addresses to save on insurance costs were denied permits and many, according to Newman, complained bitterly to the HPA.

"They took a lot of abuse when we eliminated the out-of-state plates," Newman said. "It's nasty, tough enforcement and it's costing them dollars."

The HPA report calling for the end of the program was submitted at lawmakers' request to the council transportation committee where it will remain until the committee is re-constituted. The report was not released to the public.

New Bayonne ferry won't sail Monday

By Steven Kalcanides
Journal staff writer

The new Bayonne commuter ferry operator will not be ready to renew service on Monday as originally planned, Councilman-at-large Dorothy Harrington revealed at a council meeting this week.

The Bayonne City Council last month approved a permit for Hoverspeed of Highlands to operate a ferry commuter service from Brady's Dock on First Street to Pier 11 in Manhattan beginning July 15.

But on Thursday, Harrington told the council the operator will not be ready to put a ferry in service until late July or early August. The city had previously anticipated a two-week disruption in the service.

Ferry boats still have to be inspected by the Coast Guard, she said during an afternoon caucus session in City Hall.

The company has promised to do its best to get back commuters who had abandoned the former ferry service, which had been operated by Harbor Shuttle Inc. of Monmouth.

That company ended its service with the city on June 27, following months of declining ridership and complaints from commuters regarding the length of the trip and ship quality.

Hoverspeed will offer a round-trip fare of \$6.20 for weekly and monthly commuters, said Paul Shaffery, executive vice president of the firm. The regular fare will be \$7, \$1 less than the former fare of \$8.

The company will pay the city a minimum \$500 a month fee for use of Brady's Dock, which is located on the banks of the Kill Van Kull in Mayor Dennis P. Collins Park.

Hooded teens riot at new gang movie

Continued from Page 1
in the face.

"Police had one guy on the floor with his night stick raised, but he didn't hit him," said another witness.

Boyz N The Hood was a surprise hit of this year's Cannes Film Festival. It is written and directed by a 23-year-old Los Angeles native John Singleton. The main character in the movie tries to avoid the traps of crime and drugs in the violent Los Angeles neighborhood.

Witnesses reported varying degrees of damage in the Mall from severe to minor. Police refused to comment on the damage to Newport Mall which is part of the Newport complex considered vital to the city's economic revival.

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on the following items advertised in our Sunday, July 14th sale circular:
Page 24. Girls' 4-6X white and pink bunny print top is not available. No raincoats, other styles to choose from.
Page 26. White and blue maternity tank top is in short supply due to an unprecedented demand. No raincoats, other styles to choose from.
Sorry for any inconvenience.
Bradlees 6-4-1 '91

Cemetery being sued over misplaced body

Continued from Page 1

en at the time of burial and verified when Murphy dug up several graves in a fruitless attempt to locate Figueroa's corpse. In a second incident, a former Jersey City woman two weeks ago accused the same cemetery of misplacing her parents' caskets.

The suit seeks damages for emotional distress, compensatory damages, punitive damages and legal fees, though it does not specify the amount of money sought. Under New Jersey law, the amount of damages can be determined by the judge, jury or arbitrator who hears the case.

Doumas was away from his office yesterday, but Judith Cole, the wife of Roberto Cruz Figueroa, said her husband has been under extreme pressure since learning his mother's body has been misplaced.

"He's been to a therapist, been to a doctor and even had blood tests done all because of this," said Cole. "The thing is, he thinks he knows right where the body is, but they won't dig there."

The family requested digging in the area where their pictures indicate the body is located, but Murphy has refused, saying nothing is there.

Murphy didn't return phone calls yesterday.

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Boys and food go well together

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Nokes hits two homers as Yankees win Page 29



THE JERSEY JOURNAL

125th Year — No. 67 □ ***

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McCann picks his standin

Ruvoldt named acting mayor

By Peter Weiss
Journal staff writer

Jersey City's corporation counsel is now acting mayor until further notice, even though the mayor is still around to act.

A memo from Mayor Gerald McCann to department directors and other officials states that:

"In view of the fact that there may be times when I will not be available to perform the duties of Mayor of the City of Jersey City, I hereby appoint Harold J. Ruvoldt Jr., Corporation Counsel of the City of Jersey City and Director of the Jersey City Law Department... as Acting Mayor to serve at any time I am unavailable.

"In order that Mr. Ruvoldt may effectively perform these duties, I hereby direct that he, both in his capacity as Acting Mayor and Corporation Counsel shall, effective immediately, share all of the space that I occupy as Mayor of the City of Jersey City and have access to said space at all time.

"This appointment is to take effect immediately and continue until I notify you in writing that it has been rescinded."

Ruvoldt said the appointment is routine and not, as some critics suggest, a consolidation of his power and influence in the McCann administration. He said objects are making too much of it.

But Councilman William O'Dea, an administration foe, said he is concerned the appointment may usurp some council powers. "We'd like to look into this further," O'Dea said.

O'Dea said he is concerned that if McCann is unavailable to serve as mayor on a long-term basis, Ruvoldt will bypass the council and become de facto mayor. O'Dea said there might be a circumstance which could call for McCann to step down and let the council pick an interim mayor, rather than have Ruvoldt automatically step in.

McCann has said he expects to be indicted soon by a federal grand jury, which has been investigating his business activities during the period between his terms as mayor. He was mayor from 1981 to 1985, and elected again in 1989. If he is indicted, McCann could be expected to devote much of his time to his legal defense.

"This looks like he's getting

See MCCANN — Page 5

Family wants outside probe

Cintron's mom talks with DePascale, but she's 'not satisfied'

By Stan H. Eason
Journal staff writer

Grieving family members are seeking an outside investigation of Tuesday evening's slaying of a Jersey City man by a police officer.

They say circumstances surrounding the death of 23-year-old Maximino Cintron Ortiz have made them skeptical about the the Hudson County prosecutor's investigation.

The family, and Hispanic community and political leaders, are requesting probes by the U.S. Attorney's Office and the FBI.

Cintron was fatally shot by Officer John Chiusolo during a fracas involving two police officers and a group of men. The melee was sparked by a dispute over a motor vehicle summons.

Despite an hour-long meeting yesterday with Hudson County Prosecutor Paul DePascale, who is heading the local investigation, the family feels an outside investigation would insure an unbiased probe.

DePascale said yesterday that he won't be ready to issue a statement on the case until Tuesday.

"I'm not satisfied now," said Cintron's mother, Haydee Ortiz, who flew in from Puerto Rico Wednesday night.

"I feel very bad about the justice this country has for our people. I don't think that because you are a different color or race, nobody, not even the police, has a right to just go and shoot you."

Chiusolo and his partner, Chris Henne, were operating in plainclothes Tuesday night when the 8 o'clock shooting occurred. They had interrupted their transport of prisoner Jose Torres to issue Cintron a summons for allegedly repairing a friend's auto in the street at the corner of Grove and Sixth streets.

A verbal dispute followed between police and Cintron, which led up to the shooting. Thus far, police and witnesses agree only that Cintron ripped up the

"I feel very bad about the justice this country has for our people. I don't think that because you are a different color or race, nobody, not even the police, has a right to just go and shoot you."

Haydee Ortiz
Maximino Cintron Ortiz's mother

ticket — an act which is not allowed at the law. He died at 11:40 p.m. at University Hospital in Newark after taking one shot in the stomach from Chiusolo's 9mm revolver.

Henne, who suffered serious head wounds, was transferred from Jersey City Medical Center to an undisclosed hospital yesterday. Chiusolo's wrist was broken in the incident but he was not hospitalized, police said.

Police arrested George Ro-

See FAMILY — Page 4



Journal photo by Larry Cutchall

A young girl looks at the neighborhood memorial for Maximino Cintron Ortiz at Grove and Sixth streets in Downtown Jersey City. Cintron, a Sixth Street resident, was fatally shot Tuesday night in a scuffle with police.

Flying manhole cover fueled by heat wave

By John Petrick
Journal staff writer

You know those informative hot weather tips your television news station gives you every heat wave? Sip cool drinks. Wear light clothing. Take cool baths. As if you didn't already know.

Well, there's something they forgot to put on the list. Hot summer swelterers, take cover! Up in the sky! It's a bird! It's a plane! No. It's a flying manhole cover!

The excruciating heat in Hudson-South Bergen this week has even pushed the limits of the streets themselves.

A manhole in front of 139 St. Paul's Avenue in Jersey City

flipped its lid because of the heat — sort of. The manhole cover shot into the air after high electrical demand from air conditioners stressed an underground 13,000-volt cable.

When the cable failed, it ignited sewer gas, launching the manhole cover into the air.

If it sounds like a freak accident, it's not.

Neil Brown, a spokesman

for Public Service Electric and Gas, says the phenomenon has been known to occur on very hot days. No one has ever been hurt, to his knowledge. But utility hole covers have been

known to blow as high as 20 feet from the ground.

The incident, which occurred at 4:40 p.m. Wednesday, did not interrupt service. But crews were still working to repair the cable early yesterday.

Residents of St. Paul's Avenue aren't amused.

"I was sitting on my porch," explained Joyce Zielaznicki. "It sounded like an engine fell out of a car. Or like someone threw a garbage can down the street."

One car was completely covered with soot, and steam and smoke were pouring out of the manhole for hours before PSE&G crews were finally able

See FLYING — Page 6

Ozone, heat warning still in effect

By Dan Rosenfeld
Journal staff writer

Smog levels reached unhealthy levels yesterday and are expected to continue today, according to the state Department of Environmental Protection.

Ozone, the main component of smog, irritates the respiratory system when close to the ground. People with asthma, heart ailments, the elderly

and children are urged to limit physical exertion and remain indoors as much as possible, the state Department of Health recommends.

Ozone, which has three atoms of oxygen, is created when emissions from vehicles, power plants and industry are heated by the sun and chemically react. The warm front stagnating over the New York metropolitan area keeps the ozone close to the ground.

The DEP is urging people to use mass transportation and drive only when necessary.

Loews project gets \$1M

By John A. Oswald
Journal staff writer

Plans to renovate Jersey City's historic Loews Theater into a performing arts center are a step closer to reality.

After little success at private fund-raising, and with a 1992 date with the wrecking ball looming over its head, the theater received a million-dollar infusion late Wednesday with passage of the municipality's 1991 capital budget.

Some \$4 million is needed to begin the first phase of a three-part, \$12 million facelift that will restore the theater as a cultural center for

Theater value

■ Movie palace has rich history
■ A theater revived New Brunswick
Tempo
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the state's second-largest city.

Mayor Gerald McCann and a majority of the City Council have said they are willing to allocate up to \$3 million more in taxpayer money in the 1992 capital budget if fund-raising efforts continue to sputter.

On Thursday, the city is expected to hear from the private New Jersey Historic Trust, a group dedicated to historic preservation, on

whether its application for \$1.1 million is approved.

With those funds, limited renovations could start as early as this fall, officials said.

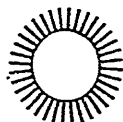
The city and the group that is hoping to restore the venerable showplace — the Jersey City Historical and Preservation Association — agreed with theater owner Hartz Mountain Industries of Secaucus to raise \$4.1 million by the end of next year if the structure is to survive.

Meanwhile, Mayor Gerald McCann has been negotiating with Hartz executives to convince them to donate the

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Dialing drug dealers face phone strike

By The Associated Press

Plainfield may kick them out of residential neighborhoods. Newark is keeping close tabs on them with an eye for future action. Chicago is even shutting them down at night.

Rowdy bars? Porn theaters? Nope. Payphones.

Concerned that drug dealers are using pay phones as their private outdoor offices, several New Jersey cities are looking to cut the wires linking buyers and sellers.

Jersey City, Newark, Paterson, Passaic, Union City, Long Branch and Freehold all have moved to limit access to pay

phones for dialing dealers. Phones in drug-plagued areas are either being disconnected or rigged so that only outgoing calls can be made.

"The response from the community has been very positive," said Jim Gallagher, director of policy, planning and management for the city of Paterson, which in early May began disconnecting phones or limiting them to outgoing calls only.

"The only complaints we've had have been from people who had their phones switched over and wanted them out altogether," he said.

The policy has raised con-

See DIALING — Page 6

Loews project gets a \$1 million start

Continued from Page 1

Under state law, if the city is to spend the capital bond money it allocated Wednesday, it must own the building. Hartz had planned to lease the building to the JCHPA if the renovation monies were secured.

Hartz purchased the Loews in 1986 for \$1.5 million and operated a triplex movie theater there until the firm decided to replace the building with an office building in 1987.

Hartz held off on its plans following community and City Council opposition. In 1988, it agreed to give preservationists and the city a four-year breather to raise the funds.

City officials consider renovation of the Loews a key to the hoped-for revival of Journal Square.

Joanne C. Van Dorn, a project manager for the city Economic Development Commission who is assigned to the Loews project, said she and other officials are confident the money will be secured by the December 1992 deadline.

The \$4 million is an estimate of the cost of making the building "nominally functional." A facade and lobby restoration and repairs to internal plumbing and electrical systems could be funded, she said.

Once functional, Van Dorn said, the groups that would run the theater and the city would find it easier to raise an additional estimated \$8 million for a full renovation that would include the main stage and theater house.

"It's better to get it up and running," she said. "We would stand a better chance of getting funds from (foundations and government arts agencies) if we have an operating arts program."

Theater and other performances could be held in the lobby or a temporary stage area in the balcony, she said.

Turning the Loews into a cultural center that would stage night performances would boost the surrounding shopping area, she said.

New restaurants, in particular, would flourish in a Journal Square with a vibrant night life, Van Dorn predicted.

"The Loews theater is the key," said Journal Square Councilman Joseph Rakowski. "That would fill Journal Square day and night."

Rakowski and a number of council members indicated a willingness to spend taxpayer dollars to save the theater.

McCann picks his standin

Continued from Page 1

ready for the indictment," O'Dea said.

Ruvoldt said he believes an acting mayor can perform all duties of the mayor, including hiring and firing and making appointments to boards and agencies, but discounted the notion that's what he has in mind.

"You're elevating this to something far beyond what it is," he told a reporter. "The news must be extremely sparse to make this news."

Ruvoldt said the idea of having a permanent acting mayor "should be normal procedure."

He said he based that on a recent incident when McCann was unavailable and a signature was needed on an application for a major grant.

He said the wording concerning sharing of space is similar to resolutions used by other municipalities.

In the past, it has been the custom that a mayor about to be unavailable on a daily basis for a short period of time — usually by being out of town on a business or vacation trip — name an acting mayor before departing. The post of acting mayor has usually been rotated among department directors.

Ruvoldt's designation as acting mayor is believed to be the first time someone was so named while the elected mayor was still in the city.

"It is one of the most prudent ways to establish a center," explained at-large Councilman Efrain Rosario.

West Side Councilman William O'Dea said the city should forge a partnership with county and state officials fully to fund the renovation project.

"The restoration and utilization of that facility is the key to the revitalization of the entire Square. It will stir interest in the area. It will be a tourist attraction," he said.

Eliot Braha, president of the Journal Square Merchants Association, agreed that development at the Loews site is the key to an economic revival.

But unlike city officials, Braha in a recent interview complained that the deal to save the theater prevented the construction of an office building in 1988 that would be helping to revive the Square now.

"(Saving) the theater was a major mistake," Braha said. "Now we are left with an abandoned building."

Van Dorn disagreed with Braha's assessment.

She said the slowdown in the office market might have left any new building in the Square empty.

Theater deal paid off for New Brunswick

By Sally Deering
Journal staff writer

Some say renovating the Loews won't improve Journal Square one bit, but Trevor O'Donald of Weehawken doesn't agree.

O'Donald is the director of marketing and public relations for the New Brunswick Cultural Center, which owns and operates the State Theater in New Brunswick.

O'Donald has witnessed the transformation of downtown New Brunswick with the restoration of the State Theater.

"When I was 19, I started my freshman year in Westminster Choir College in Princeton," O'Donald says.

"The bus would go through downtown New Brunswick. It was devastating. A real blighted part of the city."

"Ten years later, I came to New Brunswick to work at the Cultural Center and was astounded at the transformation."

In 1986, the New Brunswick Cultural Center Inc. purchased the State Theater from the New Brunswick Development Corporation for \$1.3 million. Janet Kaltenbach, the center's director of development, says the funds came from a \$2 million Urban Development Action Grant, with the remaining \$700,000 used for emergency repairs to the building to

keep it from deteriorating before the renovation project began.

The Cultural Center knew it could not raise the necessary \$3 million for the renovations, says Kaltenbach, so it applied to Middlesex County for the money.

The Town Council determined it could not make an outright gift of that size, so it was agreed the county would take title to the State Theater, purchase it from the New Brunswick Cultural Center for \$3 million, and then lease it back to the Cultural Center for \$1 a year with a 50-year lease.

The center fixed all the mechanicals, lighting, sound, air-conditioning, and made the theater accessible to the handicapped. The renovations preserved as much of the existing architecture as possible.

A portion of the grand lobby and the ceiling were restored and carpet was woven in the original pattern. The State Theater currently seats 1,867. It originally had more, but some of the seating was removed to allow for a new technical booth, bar space in the lobby and more leg room for the orchestra seats.

The State Theater reopened April 24, 1988.

There is a subscription package with a series of symphonies, recitals, guest artists and children's shows. One program is called Mixed Bag and includes popular entertainers, opera singers and jazz musicians.

From September 1990 through May 1991, 140,000 people came to downtown New Brunswick to attend performances at the State Theater.

"They are people who have expendable arts income," says O'Donald. "They eat at the restaurants and shop at the stores. It has been a phenomenal success."

The 1991-92 season will include concerts by Bobby McFerrin, Ray Charles and Roberta Flack, a folk opera company from Tibet, the Gilbert and Sullivan Players, and the New York City Opera.

The theater's operating budget for the 1991-92 season is over \$2 million and 60 percent of it is paid for by ticket sales. The remainder of the budget is financed with corporate and individual donations and the state and local government.

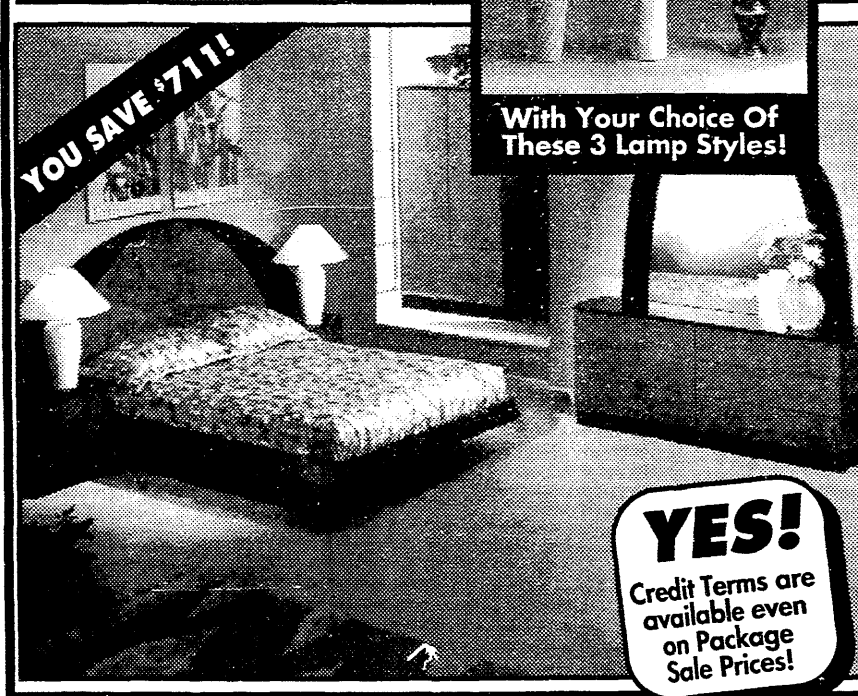
The State Theater, Crossroads Theater and the George Street Playhouse are not connected with Rutgers University. All are private, non-profit corporations with no college affiliation.

"We just recently renovated the former YMCA building, which was next to the State Theater," Kaltenbach says. "It will house the George Street Playhouse."

"Next to that was a vacant lot, and on that lot we are in the process of completing the building for the Crossroads Theater Company. And we are building a new Mason Gross School for the Arts. It's a long-range plan that the city is involved in."

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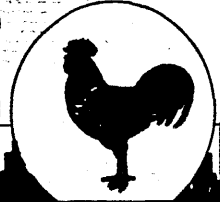
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THE JERSEY JOURNAL

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Juvenile crimes jump 78% over 1990

By Miri Ascarelli
Journal staff writer

WEST NEW YORK — Crimes involving juveniles during the first six months of this year have increased 78 percent over the same period last year, according to police department records.

The statistics, provided by the West New York Police Department's juvenile division, indicate there were 333

incidents involving juveniles from Jan. 1 to July 16, compared to 187 incidents involving juveniles during the same period in 1990.

So far, there have been no murders involving juveniles. Last year, there was one.

Broken down into categories of robbery, aggravated assault, larceny/theft, and simple assault, the numbers offer a disturbing profile:

• During the entire year of 1990, there were 13 robberies involving ju-

veniles. From January to July 16, there were 24.

• There were seven aggravated assaults during the entire year of 1990. From January to July 16, there were seven.

• Last year, there were 50 incidents of larceny/theft. This year, from January to July 16, there were 38.

• Last year, there were 33 incidents of simple assault. This year, from January to July 16, there were 16.

The numbers did not surprise Al

Bringa, a detective in the West New York Juvenile Aid Bureau since 1987.

Bringa said he believes this has been his busiest year ever. It is especially busy, he said, when he works the 4 p.m. to midnight shift, when police officers are constantly responding to calls and dispersing youths who are loitering on the streets.

"It's very busy," he said.

His observations were confirmed by Capt. Alex Oriente, who is in charge of the juvenile division.

"It (juvenile crime) has been on an upward swing," he said.

Oriente said some of the problems stem from kids hanging out with nothing to do.

"I don't believe we have any gangs of kids operating in town," he said.

"It's groups and they hang out."

But as the numbers indicate, not all of the incidents are simply cases of kids hanging out. Last weekend, for

See CRIMES — Page 4

Diner draws truckers from everywhere



Journal photo by Don McCoy

Roxi, a waitress at the Truck Stop Diner in South Kearny, serves dinner to four customers from Michigan. The patrons are (plaid shirt with back to camera) Bob Bassi and his son, Bob Jr., Duane Krey (left, facing camera), and J.J. Owens.

Truck stop a trip to another world

By John Petrick
Journal staff writer

KEARNY — Pot-bellied men with cowboy hats and elaborate belt buckles are crammed in the foyer, waiting to use the phone.

Another is slouched at a table inside, snoring.

A teen-age girl with tattered jeans, a ripped shopping bag and an earring in her nose wanders in from the parking lot. She slinks over to the front counter, trying to bum money from patrons eating pork chops and gravy, beef liver and scrambled eggs.

Comingled in the ashtrays are half-smoked Virginia Slims with flaming pink

"We must serve good food.

People are coming from all over the country to eat it"

Sam Kolokithas
Owner of the Truck Stop Diner

lipstick on the filters and filterless Camels smoked down to a lip burn.

With all the southern twangs in the room, you have to remind yourself that you are not in the bowels of Alabama.

The reminder stretches just outside your window. The Pulaski Skyway, the artery that brings all to this national crossroads in industrial south Kearny, is

difficult to discern on a 95-degree day. The 100 percent humidity combined with diesel fumes and factory emissions mix to murk the visibility.

"We must serve good food. People are coming from all over the country to eat it," jokes Sam Kolokithas, owner of the Truck Stop Diner along Routes 1 & 9. He is sitting at the front counter with his Greek newspaper and coffee, taking a break after the lunch rush.

They come from California and Texas. Florida and Canada. Many have been driving all night in their 18-wheelers lined up in front of the diner. Other tractor-trailers are parked out back, where

See TRUCK — Page 5

McCann's last day to testify today

Delay requested because other advisors out of town

By John A. Oswald
Journal staff writer

The U.S. Attorney has made today the last day Jersey City Mayor Gerald McCann may defend himself in front of the grand jury investigating his private business dealings.

McCann last night said he will decide this morning whether to appear before the grand jury after final consultation with defense attorney Matthew Boylan, who late Friday failed to block U.S. Attorney Michael Chertoff's bid to set today as the deadline for testimony.

Prosecutors supposedly delayed an indictment of the mayor late last month when McCann first asked to testify, sources said. Several previously scheduled dates had been postponed, at times by McCann and at times by the U.S. Attorney.

McCann said his attorney asked for a delay until July 29 because three attorneys who are advising him — Samuel DeLuca, Harold Ruvoldt and Alfred DeCotiis — will be out of town.

DeLuca had appeared with McCann on a number of occasions in meetings with Chertoff, Assistant U.S. Attorney Eric Tunis and several FBI agents, McCann said.

"We said we can't go on the 22nd because DeLuca has to be there," said McCann, who said he agreed to waive statute of limitation protections against indictment in return for per-



Gerald McCann
Faces deadline

mission to testify. "If I gave them an exemption from a statute of limitation, what is the difference between this Monday and next Monday?"

The statute of limitations sets a deadline for filing criminal charges. If the deadline passes without charges filed, a suspect may no longer be charged with the crime.

U.S. District Judge Alfred Lechner Jr. late Friday denied Boylan's request for a week's delay. "What you are asking me is to intervene and run the U.S. Attorney's Office, and I decline to do that," the judge said.

Chertoff indicated he would

See MCCANN'S — Page 4

Graffiti vandalism attacked as plague

By Mark Weiss
Journal staff writer

For most people in Jersey City, graffiti is a dirty word.

For Isaac Holmes and Rafael Santiago, it's a dirty job.

"We just did these steps about a month ago," Holmes says, watching Santiago brush paint remover with a broom onto a red swirl of spray paint on the stone steps of Dickinson High School. "Each time we come back it's worse. But to me it's just a job."

Holmes and Santiago make up one of the two Jersey City

Incinerator Authority anti-graffiti crews that roam the city unpainting what outlaws have painted. The crews have cleaned 115 sites since starting work in May 1990, at a cost of \$150,000 for a year, JCIA director Norman Guerra says.

After waiting 15 minutes for the Chemstrip solvent to loosen the paint, Santiago turns a thin jet of hot water from a high pressure hose onto the graffiti. Pink foam bubbles from the red swirl of paint and a fine mist of water rises from the stone like steam. Santiago

See GRAFFITI — Page 4

Inside

WEATHER:



Today: Partly sunny, cooler, mid 80s to 90
Tonight: Cloudy, chance of showers, lows in 70s
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Funds accepted, gag rejected

By Ellen Moodie
Journal staff writer

A Jersey City health clinic's board of trustees voted last week to keep the controversial federal funds tied to a ban on discussing abortion.

A U.S. Supreme Court ruling earlier this year denies federal funds to clinics that tell its clients about abortion.

But women who go to the center will still learn about all the options in pregnancy counseling — and that may include abortion.

Just how Horizon Health Center will manage this is not clear.

"The board decided that we at Horizon Health Center will continue to offer the same comprehensive services that we've

Clinic seeks way around abortion gag rule that won't eliminate federal funds

always offered women," said Executive Director Marilyn Bennett. "We will continue to take Title X money. And we will comply with the regulations."

"I don't know at this time exactly what form this will take."

Other county clinics also plan to continue taking Title X funds, but they see no option but to stop telling women about abortion.

Horizon, formerly Health Services of Hudson County, was a plaintiff in the Rust vs. Sullivan case the U.S. Supreme Court heard this spring. In May the court upheld a 1988 Reagan

administration regulation that prohibits any reference to abortion in family planning clinics that receive Title X funds.

The regulation has not taken effect yet.

Title X of the 1970 Public Health Service Act funds about 4,000 clinics serving more than 4 million low-income women each year in family planning clinics across the country. The regulation affects about 110,000 women in New Jersey.

An official from the U.S. Department of Health and Human Services could not say whether

See CLINIC — Page 4

Graffiti vandalism attacked as plague

Continued from Page 1

wears waterproof overalls, a raincoat and a plastic helmet with a face shield to protect his clothes and skin from the powerful Chemstrip.

About half of the paint remains after the hose-down. Holmes says it may take three or four applications of solvent to clean the steps, and even then, a shadow of the graffiti might remain.

While Holmes is cheerfully persistent, he sometimes has mixed feelings about the work.

"It's a shame some of the things we have to take off the wall. They're artistic, they can draw," he says, pointing to a cartoon drawing of a water-thug disappearing under the hose.

But to other residents, neighborhood activists, business people and city officials, graffiti is nothing more than vandalism.

"It's sickening, these kids don't have any respect for anything. Their parents don't give a damn what their kids do," says Stanley Mielach, 70, a lifetime resident of Jersey City Heights, wearing a baseball cap decorated with an Old Glory pin.

Mielach waves at a spray-painted wall across Franklin Street, adding that cops on foot patrol rather than in cars would also cut down on graffiti.

Mielach's wife, Jeanette, 66, carrying capicola and a rented video tape in a tote bag, wonders why her hometown suffers from so much graffiti. "In Bayonne, it's light at night. No buildings are boarded up. How do they maintain that kind of order?"

Such despair about the quality of life in the city is the biggest cost of graffiti, says Lorraine Garry, president of the Van Vorst Park Association.

While graffiti lowers property values, "it can't possibly not have an impact beyond

that. You get so used to the graffiti that something extraordinary happens when everyone sees a clean wall," she says.

New York's clean subway trains make it look like "a city that cares about itself," she adds.

Aside from its effect on city spirit, local real estate agents agree with Gary's claim that graffiti has a bottom-line cost.

"It's obvious that when someone is trying to sell a building, if there is graffiti and trash around, it brings down property values," says Joe Hottendorf, president of the Hudson County Board of Realtors. Downtown real estate agent Toni Boyne agrees, although neither could estimate the effect of graffiti in dollars.

While the value of their property falls because of graffiti, homeowners' rising property taxes pay for Holmes and Santiago and the other anti-graffiti crew to do their job.

The crews clean public buildings and parks, but will clean private property if the owner pays the JCIA its \$50-an-hour cost. On weekends, criminals on parole sentenced to community service paint over graffiti on privately owned buildings with an authority crew.

The JCIA also cleans trash from city-owned and private lots. They issue owners a summons giving them 10 days to clean up or pay the costs for the city to do it. Last month, the authority bagged trash in 50 city lots, 17 private lots and 55 "general areas," remote spots such as land under highway overpasses, Guerra said. The cleanups cost about \$150,000, he said.

Guerra and others fighting graffiti think there is a simple answer to the costly problem. "It's a matter of education," Guerra says.

The JCIA sponsored about 10 talks in city high schools last



Rafael Santiago of the Jersey City Incinerator Authority anti-graffiti crew, attacks spray paint on the steps of Dickinson High School with a high-pressure hose and solvent.

year, says special projects manager Artie Sutcliffe, who directs the anti-graffiti crews. Sutcliffe also speaks to community and neighborhood groups.

Sutcliffe organized a talk at Academic High School, which vice principal Ed Slattery has deemed a success. "We had an art poster contest with awards. We have had less graffiti than in the past," Sutcliffe said.

Graffiti won't stop unless the kids are given posters or other alternatives to vandalism, Holmes says, while

waiting to take over the high-powered hose from Santiago.

"The city should give them the wall of an abandoned building and water-based paint and let them paint and clean it off at the end of the day," he says. "They could get out their anxiety. That's the problem, they don't have anything to do."

Boyne offers a more conventional solution that has kept her brownstone office spotless. "I just clean it off right away, the next day. I think the people doing this like to see their name up on the wall."

Crimes by juveniles jump 78% over '90

Continued from Page 1

example, the department handled two robberies, both involving juveniles.

In one case, five youths surrounded a man as he was walking down Boulevard East around 1:33 a.m. July 12, hit him over the head with a bottle and robbed him of \$350 and his briefcase.

The victim, whose name was not released, was treated and released at a local hospital.

Two of the youths were arrested and charged with armed robbery, thanks to an alert resident who witnessed the incident and followed them for 15 blocks and assisted police with the arrest, Bringa said.

The other three got away.

In a separate incident on July 14, a 16-year-old West New York boy was charged with armed robbery after he allegedly held up two people on 55th Street with a toy gun, Bringa said.

The holdups were for \$1 and \$5.

The two incidents outraged Mayor Anthony M. DeFino, who this week announced night recreation programs for teenagers to keep them off the streets.

The recreation programs involve keeping the town pool at River Road and 60th Street open on Wednesday and Friday nights and sponsoring youth basketball games on Tuesday and Thursday nights at the School 2, 52nd Street and Broadway.

DeFino also said he is assigning West New York po-

lice to "strategic" areas in town to combat the problem. In addition, he said he proposed hiring West New York police officers for overtime work at straight time pay, but the idea was voted down by the policemen's union, the Policemen's Benevolent Association.

He also called for a meeting of North Hudson mayors to discuss the situation.

DeFino said he was particularly annoyed to learn about the backgrounds of the youths in the two weekend robbery cases.

"I'm appalled at the situation that's occurring," DeFino said.

In the case of the juveniles who robbed the man on Boulevard East, two juveniles who were arrested were from New York, DeFino said.

One of the two told police he was currently on parole for an attempted murder conviction. The same juvenile also said he had been arrested four times in West New York for various charges, including robbery, shoplifting and disorderly conduct.

In the case of the holdup with the toy gun, the boy has been charged in 32 separate incidents, including shoplifting and burglary, since the age of 12, DeFino said. He has spent a total of 2.6 years in juvenile detention centers.

His most recent arrest occurred on Thursday, when he was apprehended on theft charges and released to his mother, DeFino said.

McCann's last day to testify is today

Continued from Page 1

wait no longer for the mayor's promised testimony. "Mr. Boylan's client has been given several opportunities to appear and really has no cause to complain," Chertoff said.

The fight over the week's delay was heard in open court Friday but McCann's name was never mentioned. He was referred to as "the client" by both Boylan and U.S. government officials. McCann confirmed the proceedings were about his case.

McCann accused Chertoff of seeking to railroad an indictment instead of giving him an opportunity to head off charges by appearing before the panel.

"What is the big deal?" McCann asked. "What are they afraid of? Doesn't this sound unusual? I want to testify. Normally the prosecutor would love to have me testify."

McCann said he can fully defend the handling of a \$300,000 investment by a failed Florida savings and loan into Historic Equishares, a firm he founded in 1986 after losing the mayoralty. McCann was re-elected to a second term in 1989 after a four-year hiatus.

Among the projects the firm — of which 50 percent was controlled by the failed bank — were to bid on a proposed marina at Liberty State Park in Jersey City. Plans were never submitted.

McCann and sources have said he would be indicted on charges of bank fraud and tax evasion. But for the past two weeks, McCann has insisted that one of his attorneys specializing in tax law, Richard T. Phillips, had successfully fought off the tax evasion charges.

"The Justice Department in Washington will not authorize them to indict me on taxes," McCann insisted. His claim could not be substantiated.

McCann asked to appear before the grand jury in late June. A July 1 date was originally set, but McCann was in Taiwan on city business.

A July 5 date was canceled by McCann and a July 8 appearance was canceled by federal officials. A subsequent date scheduled for last Monday was canceled a week ago Friday by McCann, who said he had an appointment with Rep. Frank Guarini in Washington. Guarini, himself an attorney, has assisted McCann in seeking top tax litigation counsel, sources said.

That same day, Boylan said McCann would appear July 29. But last week, Chertoff pushed for an appearance today.

McCann has called the federal probe into his private business deals while he was out of office "a Republican vendetta" designed to snare a big city Democratic political official.

He drew comparisons to the involvement of Neil Bush — the president's son — in the failure of Silverado Savings and the government's handling of the investigation into Bush as a civil matter. The charges being considered against McCann are criminal.

McCann said that if the same level of fine levied on Bush was levied on him, he would have to pay a \$600 penalty.

"The only issue is the direct comparison to Neil Bush," McCann said. "Why would the Justice Department treat both differently? Simple. Because I am the Hudson County Democratic chairman and the Democratic Mayor of a big city."

Clinic accepts funds in spite of gag ruling

Continued from Page 1

Horizon's plan was legal or not. He said a clinic's entire family planning program, not just the part using federal funds, will be required to comply with all the regulations.

"The thing is complex enough that it's going to have to be determined on a case-by-case basis," said Jerry Bennett, deputy director of the Office of Population Affairs. "For example, are they specifically referring people out for abortion counseling?"

Enforcing the regulation will be complicated, said Lisa Glick Zucker, a staff attorney at the American Civil Liberties Union in New Jersey. "It is a fuzzy issue, but I guess the government has gotten itself into this," she said.

Horizon, which serves about 6,000 low-income women a year, gets \$350,000 in Title X money, 16 percent of its budget, Bennett said. Most of its funding comes from other sources, including the state government, foundations, corporations and private funds.

Along with family planning counseling, Horizon offers a maternity and infant center, a health education department and a teen community center. The Choices Health Center, also under the Horizon umbrella, provides abortions. It is funded solely through fees paid by clients.

Clinics across the state are grappling with the issue of whether to accept funding. "I think there's a lot of confusion out there as far as what this means," said Michael Gluck, president of the National

Abortion Rights Action League-New Jersey.

Though some Planned Parenthood clinics in the country have voted to forgo federal money, many have not made a decision, said Lynne Monson, public affairs director for Planned Parenthood Essex County.

Like Horizon, they hope there is a way to comply with the law while not compromising the doctor-patient relationship.

"Most of us are waiting to find out what is happening," she said. "We're waiting to find out whether or not you could channel money (away from counseling). Is that legitimate? Can we do something like that?"

Some clinics, like the North Hudson Community Action Corporation Family Planning and Prenatal Center in West New York, have decided they will no longer advise women of abortion rights when the regulation takes effect.

The North Hudson clinic receives \$128,000 in Title X funding, about 70 percent of its budget, said Michael Leggiero, president of North Hudson Community Action Corporation.

"When the official ruling comes down, we will abide by it," he said. "We're not in a position to not accept funding. This is about the only place women of low income can come for health care."

A Hoboken clinic, Hoboken Family Planning Inc., which serves about 4,000 low-income patients a year, has also said it plans to comply with federal regulations. All of its \$500,000 budget comes from government sources.

Though the so-called gag rule was instituted in 1988, an injunction was placed on the regulation after court challenges were filed. The injunction has not yet been lifted, so all clinics may legally continue to advise women of their legal right to abortion.

After the injunction is lifted, possibly at the end of July, clinics will have 30 days to file a plan to comply with the regulations, and then 30 more days to implement the plan, Bennett said.

"Of course, what we hope is that none of these changes will be necessary," Bennett said. "My prediction is that Congress will vote, in one form or another, not to have these regulations implemented. ... Then there's the question if Bush vetoes it."

On Wednesday, the Senate voted to overturn the regulation, but included amendments that might require parental notification for patients who are minors. The House of Representatives has also passed a measure allowing abortion counseling.

New Jersey Senators Frank Lautenberg and Bill Bradley supported the bill to overturn the regulation.

"The gag rule is meant to legislate ignorance — what a sad, sad thing for a free society to do," Lautenberg said in his floor speech Wednesday.

"The services the government should be providing in these programs is safe, unbiased health services," Bradley said in his speech. "We should not be using taxpayer dollars to promote anyone's political agenda."

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Family in mourning 'praying for justice'

By Zachary Gaulkin
Journal staff writer

Like hundreds of others, Angel Quinones arrived at the Funeraria Las Americas funeral home yesterday with teary relatives who couldn't believe Maximino Cintron Ortiz was dead.

"Some people were crying so much they just left," said Quinones, one of Cintron's many cousins. "They couldn't believe that was him. I still can't believe it."

Hundreds of relatives and friends attended the wake held for the 23-year-old Cintron, who was fatally shot by a police officer in a melee last Tuesday night that started when he was issued a summons for repairing a car in the street.

A funeral Mass for Cintron will be said today at 9:30 at St. Boniface Church in Downtown Jersey City.

"You should have seen the people who stopped just to donate money and pay their respects," said Cintron's aunt, Ana Ortiz. "It was amazing, all the people who stopped."

Many also left donations and flowers at the corner of Grove and Sixth streets, where Cintron was shot by Police Officer John Chiusolo during a melee which police said involved about 20 people.

Chiusolo and his partner, Chris Henne, tried to arrest Cintron at around 8 p.m. after Cintron ripped up a summons for repairing a car on the street, police said. Cintron was helping friends tint the windows of their car.

As the two officers attempted to handcuff Cintron, his friends came to his aid and a brawl ensued. Police said as many as 20 people jumped the two officers.

'Rebel' offers youngsters the chance to explore art

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■ **School board may sue to recover \$2M in asbestos removal costs** Page 2

'Young Guns' add power to Yankees' arsenal

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THE JERSEY JOURNAL

125th Year — No. 70 ★ ***

Tuesday, July 23, 1991

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INDICTED

McCann: This won't hurt city's operation

By Helene Stapinski
Journal staff writer

Being indicted will not affect Mayor Gerald McCann's job as the city's highest-ranking official, he says, and should have no effect on the workings of city government.

"This is hardly going to disrupt my ability to run the city," said McCann yesterday.

"It has nothing to do with me being the mayor."

The indictment does not affect McCann's position as mayor. An indictment is simply a charge by a grand jury that remains to be proven in court.

Despite McCann's optimism that he will beat the charges, last week he appointed Law Director Harold Ruvoldt acting mayor.

Ruvoldt said the extent of his job would be to sign documents when McCann is "unavailable."

See MCCANN — Page 6

The heat's turned on

By Helene Stapinski
Journal staff writer

Sweating under the camera lights and the oppressive heat at City Hall yesterday, Mayor Gerald McCann blamed his indictment on everyone from President Bush's son to FBI prostitutes.

In a show of his control and power, McCann flanked himself

See SWEATING — Page 6



Jersey City Mayor Gerald McCann defends himself against the allegations made against him in a multi-count federal indictment announced yesterday.

McCann charged with fraud

By Bill Campbell
and John A. Oswald
Journal staff writers

Jersey City Mayor Gerald McCann was indicted yesterday on charges he masterminded an elaborate scheme to defraud money from a failed Florida savings bank that had invested \$300,000 in a development firm he headed.

The 16-count indictment was handed up by a federal grand jury in Newark after an 18-month probe that delved into McCann's business deals after he was voted out of office in 1985. He recaptured the mayoralty in 1989.

McCann, 41, faces 76 years in prison and more than \$1 million in fines. If convicted, he would be forced to leave office.

The indictment includes multiple charges of mail fraud, wire fraud, bank fraud, tax evasion, making false statements to the Internal Revenue Service and failure to file personal income tax.

News of the indictment stunned City Hall staffers, even though McCann acknowledged more than a year ago that he was being investigated. He told The Jersey Journal last month he expected to be charged.

McCann's political enemies weren't publicly gloating, but privately they began laying plans for a recall movement to choose his successor.

The mayor, in his typically combative style, conceded the indictment may temporarily damage him politically but predicted he would prevail. "I am going to continue to be mayor and I

"It's all part of a conspiracy by the Republican Party and Mr. Chertoff to cover up the fact that the Bush family is involved in corruption around the country."

Gerald McCann
Jersey City mayor

See MCCANN — Page 6

The charges

The federal grand jury indictment of Jersey City Mayor Gerald McCann announced yesterday includes the following charges:

- One count of making false statements to a bank.
- One count of evading federal income taxes.
- Two counts of making false statements to the Internal Revenue Service.
- One count of failure to file his 1987 tax return.
- Eight counts of using the U.S. mail to commit fraud.
- Three counts of using interstate telephone lines to commit fraud.

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Officer was cleared

The Jersey Journal incorrectly reported last Friday on a 1975 shooting incident involving Jersey City Police Officer Howard Mount. Mount was cleared of all charges in the case.

The Jersey Journal regrets the inaccuracy, and apologizes to Mount for it.

Black ribbons unite Cintron's mourners

By Ellen Moodie
Journal staff writer

Black ribbons were in abundance at Maximino Cintron Ortiz's funeral yesterday morning.

Black ribbons pinned to the sleeves of "Viva Puerto Rico" T-shirts, tied across flowery dress collars, tacked onto somber gray suits.

Puerto Ricans traditionally don black ribbons when a family member dies. Yesterday, the Cintron family's choice to wear the dark banners demonstrated more than custom: it symbolized solidarity.

"It's like when a baseball team wears bands on their arms in mourning for a manager," explained Edwin Cintron, a cousin of the Jersey City man shot dead by a police officer Tuesday night.

"It's for our anger," said another relative, sitting next to him in a parlor outside the room in Funeraria Las Americas where the body lay.

Nearly 500 people attended the procession and Mass in Downtown Jersey City for Cintron. The 22-year-old father of one was shot at 8 p.m. last Tuesday by a police officer during a melee that started

After they placed the coffin in the hearse, some of them gathered in a tight, tearful knot. They held to each other for a few moments before the television cameras pulled them apart, demanding to hear about their pain.

when Cintron protested a summons for working on a car on the street. He died from his wound at 11:40 p.m. at University Hospital in Newark.

Patrolman John Chiusolo, who shot Cintron once in the abdomen with his 9mm pistol, suffered a broken wrist in the melee while his partner, Chris Henne, remains hospitalized with head injuries.

Hudson County Prosecutor

See BLACK — Page 7



Journal Photo by Larry Cutshall

Relatives support Maria Cintron (third from left), the pregnant widow of shooting victim Maximino Cintron Ortiz, as they prepare for the funeral procession to St. Boniface Church in Jersey City.

McCANN INDICTED

In city of political passions, opinions vary

But majority say they are not surprised

By Philip Pan
Journal staff writer

In Jersey City, where politics is passion, news that Mayor Gerald McCann had been indicted spread quickly yesterday, and by late afternoon almost everybody had an opinion about the mayor.

Most residents interviewed were not surprised; many seemed ready to condemn McCann without a trial, blaming him for the economic slump and saying that he had lined his pockets at the city's expense.

Others sympathized with McCann, insisting that the outspoken mayor was the victim of a political vendetta. Some people, especially those who know him personally, said McCann was honest and are confident that a jury will find him innocent.

Derek Thompson couldn't contain his glee when he heard the news at the Triangle Park Deli. Wearing gold chains and a surfing T-shirt, the 20-year-old clenched his fists and danced in celebration, shouting "Yes! Yes!"

"He really deserved it," Thompson said. "I definitely think he's guilty."

A few blocks away at Scerbo Danforth Cleaners, Rudy Scerbo took a break from work to calmly defend McCann.

"I'm sure he'll prevail. Nowadays, anybody can get indicted for anything," said Scerbo, who says he went to grade school with the mayor. "I've al-



Mary Terusz, a resident of Winfield Ave. where Gerald McCann grew up, thinks the mayor is innocent. McCann's mother still lives on the street.

ways known him to be a fair person. I don't think he's guilty."

Mary Terusz, sitting with her dog on the porch of her

Winfield Avenue home, said she was absolutely certain officials were after McCann for political reasons.

"I think they're crucifying

that man for no reason at all," said Terusz, who lives across the street from the house where McCann was raised.

"I've known him since he was a child. He used to deliver

The Jersey Journal. I don't think he's a crook. He's just smart, that's all," she said. "If he runs, I'll vote for him again."

Gregory Oglesby, of Bergen Avenue, said he voted for Mc-

"I'm sure he'll prevail. Nowadays, anybody can get indicted for anything."

Rudy Scerbo
went to grade school with the mayor.

Cann in 1989 but will not vote for him again. "He's done nothing for this community. I believe he's guilty beyond a shadow of a doubt. He's gotten away with too much of the city's money," the unemployed 28-year-old said angrily.

"I hope they throw away the key," said Oglesby, who said he has "a wife, two kids, a goldfish and a dog—all hungry."

Broker Tony Espiritu was disappointed. "I thought he was going to do a better job. People were expecting more from him," Espiritu said. As Espiritu left the Journal Square PATH station on his way home, a nearby cab driver spoke up. "It's the best thing that happened to Jersey City. He's crooked," said the man, who declined to give his name.

Michelle Walker, who just moved into Jersey City last month and was waiting for a friend in Journal Square, said the indictment proved that all politicians are corrupt.

A city employee, Joe Lorello, said he had mixed feelings about the news, but concluded that McCann should not have been indicted. "It's definitely a vendetta for all the things that he's done and what he's said," said Lorello, leaning against his car.

But his 15-year-old daughter, Crystal, sitting on the hood of the car, had a different opinion. "Guilty as charged. Guilty of other things, too," she declared. "He shouldn't have gyped the city."

Feds centered probe on Historic Equishares

Funds trailed from firm to MGT Ventures

By Bill Campbell
Journal staff writer

NEWARK — Historic Equishares was one of nearly a half dozen business ventures that Gerald McCann set up after losing the Jersey City mayoralty in 1985, but it played the pivotal role in his indictment yesterday by a federal grand jury.

McCann is charged in a 16-count indictment with defrauding a bank of a "substantial" portion of a \$300,000 investment that prosecutors say was earmarked to bid on a marina at Liberty State Park in Jersey City.

McCann's dealings with Historic Equishares and his other ventures led federal prosecutors on a year-and-a-half "paper chase" that resulted in the mayor's indictment on bank, mail and wire fraud charges as well as tax evasion, according to U.S. Attorney Michael Chertoff.

According to the indictment, McCann devised a complex scheme to move funds for his personal gain from Historic Equishares to another firm he controlled. The other firm, MGT Ventures, was controlled by McCann and several of his allies from his first term as mayor.

Historic Equishares, established in 1986, was run from an office McCann rented from Donohue, Gironda and Doria, an accounting firm with which he was affiliated, at 253 Academy St., Jersey City.

The firm was established in March of 1986 to develop real estate in New Jersey and was financed by a Florida savings and loan association and another McCann corporation, according to prosecutors.

McCann served as the firm's registered agent and president. On the six-member board of directors were McCann and two of his former City Hall associates, William Goble, an engineer, and Thomas Golodik, his former spokesman. Both are working for McCann in his current administration.

The outside directors included three former executives of Southern Floridabanc Savings Association — an S&L in Riviera Beach, Fla.

According to federal prosecutors, Historic Equishares was equally controlled by a subsidiary of Southern Floridabanc and MGT Ventures. MGT Ventures consisted of McCann, Goble, Golodik as well as

current city Business Administrator Frederick Tomkins.

In late March of 1986, Southern Floridabanc invested \$300,000 in Historic Equishares to develop a marina, golf course and other amenities at Liberty State Park, according to court papers.

MGT Ventures put in an additional \$20,000 to capitalize the development plan.

But the Liberty State Park venture never got off the drawing board, as Southern Floridabanc collapsed and McCann defrauded Historic Equishares, prosecutors said.

In late April of 1986, the thrift was declared insolvent

March of 1986 and June of 1987, McCann transferred funds from Historic Equishares' account into MGT Ventures, gaining exclusive control over the money, Chertoff said.

McCann also concealed the movement of money by withdrawing funds in amounts less than \$10,000, prosecutors said.

Additionally, he is charged with paying a salary to himself and other MGT directors on Historic Equishares' board; concealing payments through credit card companies and maintaining few records.

Furthermore, prosecutors say McCann used \$20,000 of Historic Equishares' money as

McCann "wilfully devised and intended to devise a scheme to defraud . . . by means of false and fraudulent pretenses."

Michael Chertoff
U.S. Attorney

by the Federal Savings and Loan Deposit Corp. and its chairman, Robert V. Gibbs, resigned. The FSLIC said the thrift's failure was due to \$55 million in bad loans to Hilton Head, S.C., real estate developer E.R. "Bobby" Ginn.

Historic Equishares never submitted a bid on the marina project, although MGT Ventures picked up a bid specification, according to officials of the Liberty State Park Development Corp.

According to Chertoff, McCann "wilfully devised and intended to devise a scheme to defraud . . . by means of false and fraudulent pretenses." The purpose, Chertoff said, was to defraud Southern Floridabanc of a "substantial portion" of the \$300,000 through Historic Equishares.

Prosecutors say Southern Floridabanc deposited the \$300,000 in an account opened by Historic Equishares at Midlantic National Bank North in Jersey City.

The corporate bylaws maintained that money could not be spent without the approval of the firm's directors; that expenses over \$10,000 were to be approved by a bank director approved by Southern Floridabanc; and that no directors be paid without the approval of Historic Equishares' board of directors.

McCann, prosecutors say, took steps to avoid the controls over the money. Between

collateral for a bank loan he obtained for his own benefit.

In the summer of 1986, the thrift's directors on Historic Equishares' board requested detailed statements of the firm's expenses, prosecutors say. During that period, they claim, he misrepresented operating expenses for the first two months of operation, listing items ranging from \$2,500 to \$7,500, but failing to include transfers to MGT Ventures of about \$27,000.

As requests for more detailed expense reports increased in late 1986, McCann transferred an average of \$20,000 a month from Historic Equishares to MGT for a six-month period, until funds were nearly exhausted, prosecutors say.

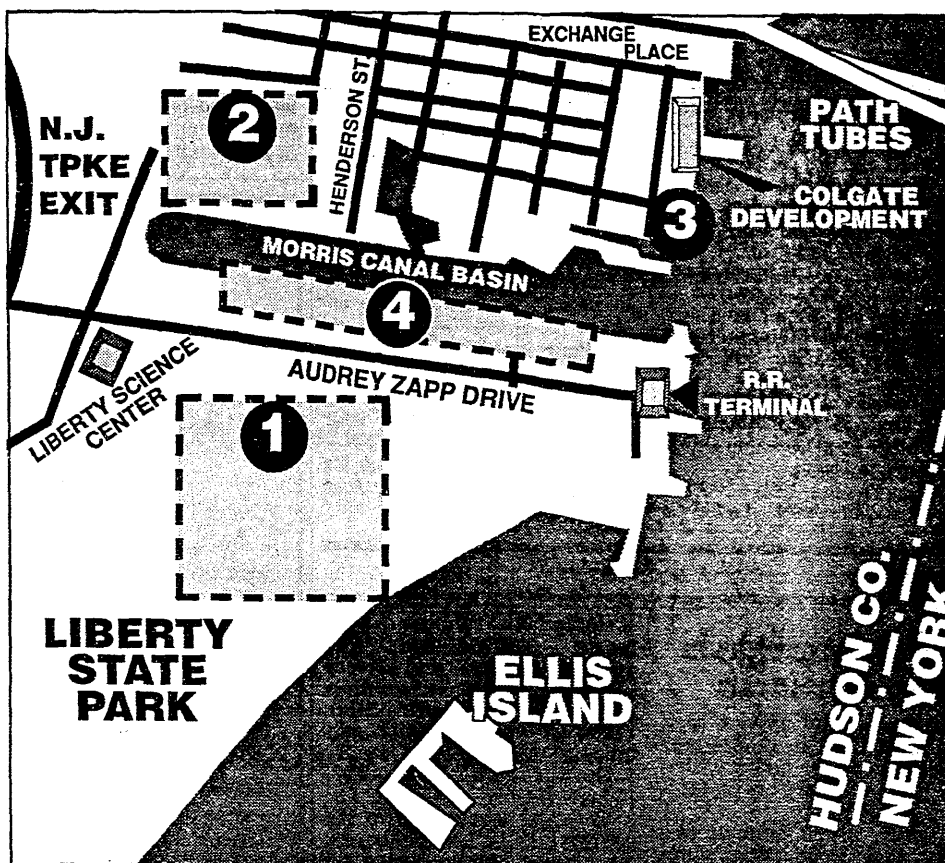
Meanwhile, McCann missed an August 1986 deadline to submit a bid on the marina, and "concealed" from Historic Equishares' board of directors that he abandoned the project, the indictment alleges.

In addition to the bank fraud charges, McCann is charged with mail and wire fraud for using the Postal Service and interstate telephone lines as part of the scheme.

He is also charged with tax evasion and making false statements to the IRS connected to his use of the money, the indictment charges.

McCann faces 76 years in federal prison and more than \$1 million in fines if convicted.

Stalled developments



Journal graphic by Michael Hirsch

This graphic shows the location of four areas in or near Liberty State Park that were targeted for development but have never gone forward. The projects were all part of an effort to take advantage of the area's development potential. 1. A golf course on the grounds of Liberty State Park, that is now part of the park's master plan. 2. The Liberty Harbor North redevelopment project, which would have included housing, office and retail space. 3. Land owned by the Department of Defense that a company directed by Jersey City Mayor Gerald McCann planned to acquire for an office complex. 4. The location of a proposed marina. The marina is the focus of the grand jury indictment of McCann.



Jersey Journal file photo

Mayor Gerald McCann at a polling station at Unico Towers on Manila Avenue during the 1989 elections that returned him to power.

McCANN INDICTED

Controversy is McCann's middle name

Mayor never is reluctant to speak out

The two Gerald McCanns. In the spring of 1989 and for a short time thereafter, there was the packaged version. He was billed as a kinder, gentler McCann. A man who did almost no public speaking without the coaching or complete voiceover of his high-priced public relations man, Roger Jones.

"I've reflected over the past 3½ years on the things I should have said and should have done, or maybe the reverse, what I shouldn't have said," McCann told a reporter in January of 1989, days before launching his mayoral comeback campaign.

But in the months that followed his election in 1989 came the other McCann, the one more reminiscent of the past. The McCann with a combative personal style, prone to public shouting matches and physical confrontations.

"You beat up women," shouted McCann to Councilman Jaime Vasquez at a recent City Hall press conference that erupted into a political street fight.

"Tell us about your cocaine use," he taunted as television cameras captured the moment. All that, by the way, was uttered during what was supposed to be a briefing about a toxin-spewing tire fire in Jersey City.

While his public persona has been erratic through the years, McCann's political ambition has been consistent throughout.

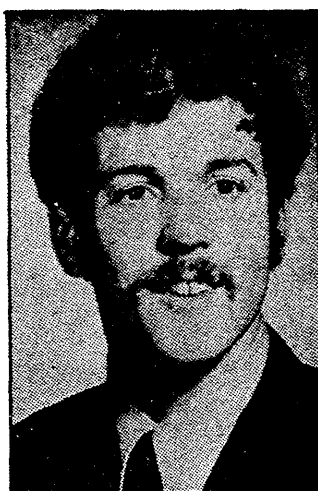
A political dream

Born on March 20, 1950, the Greenville-section native had aspirations to be mayor from the time he was 21. He ran and lost for City Council at age 23, but won enough votes to be asked to run again with mayoral candidate Thomas F.X. Smith four years later.

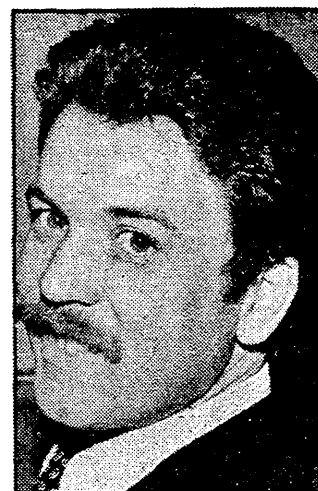
That time he was successful, and so began a career noted for inflammatory public outbursts. In 1981, at the age of 31, he rose



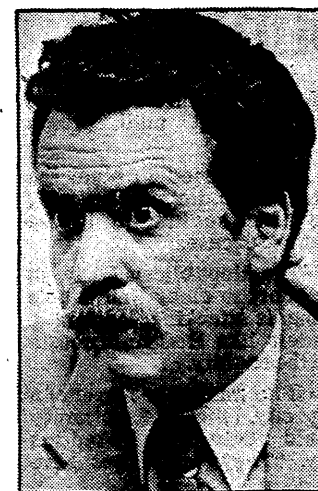
McCann's high school yearbook photo in 1968



McCann in 1972 as a St. Peter's College senior



McCann as a councilman in 1977



The mayor in 1985, when he lost to Anthony Cucci



McCann this year, without the familiar mustache

to become mayor — as he dreamed just 10 years earlier.

The oldest son of working-class parents, McCann graduated in 1968 from Hudson Catholic Regional High for Boys. He graduated from St. Peter's College in 1972, and, like all college students, had received an automatic deferment from the Vietnam War draft.

During his first term as mayor, McCann proved to be a shrewd negotiator. He lured major real estate developers to the city's once-dilapidated waterfront, and won a \$40 million federal grant for the Newport project.

Though he lost the 1985 election to Anthony Cucci, that campaign would haunt McCann for years.

McCann and his forces were accused in a class-action civil rights suit with deliberately trying to prevent minorities from voting that Election Day.

Off-duty police officers, some illegally carrying guns, challenged thousands of black and Hispanic voters at the polls, according to the suit. Elevators in the Curries Woods housing project broke down, leaving hundreds stranded and unable to get to the polls.

The case was eventually settled, with McCann paying about \$500,000 in damages. McCann's campaign insurance covered the costs.

Cucci had his own ghosts of



Journal file photo

McCann and Cucci on the City Council together in friendlier days, back when they were dubbed 'McCucci' for their political closeness.

the 1985 election to deal with as well. His, however, were in the form of urine-soaked carpets and glued locks that he said he found the day he took over the mayor's office. Many city files were also reportedly removed or destroyed.

Cucci and McCann weren't always enemies, however. Both were on the City Council in 1977, and were so politically close they were at one time dubbed "McCucci."

McCann quickly launched into real estate development

just three months after his loss to Cucci, but his new career saw limited success.

Art of the deal

In the fall of 1985, McCann and John McMullen, co-owner of the Houston Astros and New Jersey Devils, were trying to build a \$24 million sports and concert arena in Scranton, Pa. McCann told Scranton officials they could use municipal bonds to build the stadium, to be created by the securities firm of Matthews and Wright.

There, a McCann friend, Arthur Abba Goldberg, headed municipal underwriting. The bonds needed to be issued quickly because of key tax changes taking effect on Jan. 1, 1986, that would eliminate the tax-free status of municipal bonds for investors. According to newspaper accounts then, McCann had convinced outgoing Scranton Mayor James McNulty to go ahead with the deal.

Incoming Mayor David Wenzel, however, killed the arena plan after reportedly being asked by the developers to have city taxpayers assume any losses on the stadium. The mayor and his aides charged the stadium idea was a sham set up to create tax-free bonds for private investors. McCann and his partners denied the allegations.

A year later, Goldberg was indicted on charges that he and

his firm used worthless checks and a phony bank account to create \$1.1 billion worth of last-minute bonds before the tax change deadline. It was the largest securities fraud case in U.S. history.

McCann, his wife and his two daughters moved from Jersey City in 1986 to Rutherford. They have since separated, with McCann now living in the Port Liberte waterfront development and his estranged wife and children remaining in Rutherford.

McCann marketed a prime piece of Jersey City waterfront land in the spring and summer of 1987. He acknowledged that he knew the land was available because of negotiations he conducted while mayor, but said there was no conflict of interest in using that knowledge to make a personal profit.

The property included a 10-acre plot owned by the Department of Defense, and a narrow strip at the end of Liberty State Park.

In the end, however, McCann was unable to find a developer interested in the property.

In 1988, he tried to buy Metropolitan Savings and Loan, the bank that gave him the \$150,000 mortgage for his Rutherford house.

McCann, Joseph Panepinto, Joseph DiFeo and two others made a \$10 million offer to federal banking authorities, which was rejected.

9 of Hudson's mayors have had to face judge

Dozens of officials tried in past 20 years

In the past two decades, nine Hudson County mayors have run afoul of the law for acts committed in office.

Six were convicted by federal juries, one by a state jury, one pleaded guilty to state charges and one left office as part of a deal with the state.

One congressman and two state senators (one of them also a mayor) from Hudson have also been convicted of corruption, as have been dozens of lesser officials.

Convicted in federal court were Mayors Thomas Whelan of Jersey City, William V. Musto of Union City, Robert Botti of Union City, David Rowlands of Kearny, Wally Lindsley of Weehawken and Nicholas Cicco of Guttenberg.

Mayor John Armellino of West New York was convicted by a state jury. Mayor Herman Klein of Guttenberg resigned while under indictment.

After leaving office, Mayor Angelo Sarubbi of North Bergen pleaded guilty to accepting a bribe.

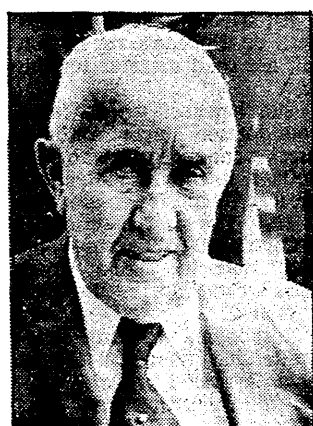
Last week, the 3rd U.S. Circuit Court of Appeals in Philadelphia cleared Cicco of all but two minor charges. The court upheld a lower court's ruling that prosecutors improperly used a felony and bribery law to charge Cicco and Councilman Vincent Tabbachino with "extorting" political loyalty from employees.

The Hudson Eight

The biggest corruption trial in county history remains the Hudson Eight case. Included were county political boss John V. Kenny, himself a former Jersey City mayor, then-Mayor Thomas Whelan, the City Council president, the city business administrator and the county Democratic chairman.

In 1970, they were convicted in federal court of extortion and taking kickbacks. The government said it amounted to more than \$3 million over a period of years.

That same year, Mayor John Armellino of West New York was found guilty by a state jury



John Kenny

of taking bribes to protect illegal gambling.

Two years later, U.S. Rep. Neil Gallagher of Bayonne, representing what was then the 13th District, pleaded guilty to one count of income tax evasion. In return, other charges of tax evasion, perjury and conspiracy were dropped. Some of those charges stemmed from the Hudson Eight investigation.

Gallagher had once been a national figure and a potential candidate for vice president. But he had also been linked by a national magazine to Hudson mob activities.

Musto's conviction

In 1982, Union City Mayor William V. Musto, who was also a state senator, was convicted of racketeering in that decade's major corruption trial. Convicted with him were the Union City school board president and five others, including two men identified as organized crime figures.

Musto's protégé and successor as mayor, Robert Botti, was convicted on unrelated mail fraud charges the same year.

Musto's conviction followed by a decade the federal kickback conviction of his father, who had been school board president.

The Friedland saga

Perhaps the most notorious

figure in Hudson political annals — with the exception of the legendary Frank "I am the Law" Hague, longtime Jersey City mayor and county political boss who was often investigated but never indicted — was Sen. David Friedland of Jersey City.

Friedland and his father, Jacob, a former state assemblyman, were convicted in 1980 of taking kickbacks in return for arranging loans from pension funds they administered.

But it wasn't until five years later that Friedland achieved international notoriety. After his conviction, Friedland turned government informer for a while, but also got involved in new illegal schemes.

Finally about to start his sentence, he faked his own death and for two years led authorities on a worldwide chase that ended in the Maldives Islands in December 1987. He is currently in a federal prison in upper New York State.

While serving as an informant, Friedland helped convict former Weehawken Mayor Walter "Wally" Lindsley in 1983 of conspiring to seek illegal profits from waterfront developers.

There's more

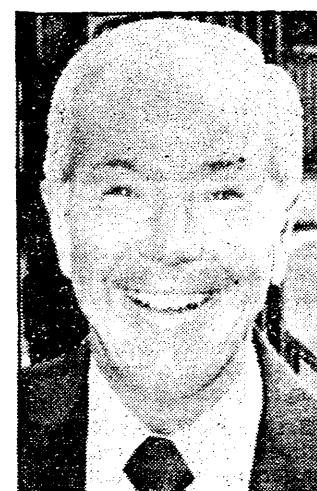
The year before that, former Kearny Mayor David Rowlands and Councilman Edward Grimes were convicted of extortion in connection with a merchant's application for a permit to expand his store.

In 1976, Guttenberg Mayor Herman Klein resigned in return for the dropping of an indictment charging him with having a no-show county job. Klein returned as mayor — first appointed to fill a vacancy, then elected — a few years later after a judge ruled the resignation agreement didn't prohibit it.

Other prominent Hudson officials convicted of crimes while in office include former Joseph Mocco, the former North Bergen township clerk and political leader, who was found guilty of taking kickbacks to permit illegal dumping.



William V. Musto



Thomas Whelan



David Friedland

Chertoff enjoys the tough cases

By John Petrick
Journal staff writer

U.S. Attorney Michael Chertoff has been known to take what he terms the "fun stuff" for himself.

Over the past few years, while still first assistant U.S. attorney, Chertoff personally prosecuted some of the big cases.

These included Jersey City resident Louis Anthony "Bobby" Manna, the consigliere of the Genovese crime family in New Jersey, and David Friedland, the former state senator who bilked union pension funds and later faked his own death in a scuba-diving accident.

Manna was sentenced in September 1989 to serve 80 years in jail for the murder of Manhattan businessman Irwin "The Fat Man" Schiff, plotting to kill rival mob boss John Gotti and his brother Gene Gotti, and other racketeering charges.

Friedland turned up in the Maldives Islands and was brought to trial by Chertoff.

Friedland's jury trial was interrupted in the middle by a guilty plea.

One would think the first assistant U.S. attorney would jump for joy at such an outcome. But that day in the courtroom, Chertoff — while obviously pleased — also sounded and appeared a little disappointed. He had hoped the trial would have gone to conclusion, since "this is the fun part for me," he said.

Watching Chertoff in the courtroom shows why he does not want to be a figurehead in the U.S. Attorney's Office.

Chertoff seems as much a master of courtroom body language as he is of the law. As sharp as his questions is his demeanor, which can ricochet from hospitable to intimidating with a turn of the switch.

Raised in Elizabeth, 37-year-old Chertoff graduated from Harvard Law School in 1980. He served as law clerk to U.S. Supreme Court Justice William Brennan and was in private practice in Washington for three years before becoming



Michael Chertoff

ing a federal prosecutor in New York in 1983.

There, he prosecuted the historic "commission trial" that resulted in conviction of five mob families running underworld activities throughout the nation.

He was appointed first assistant U.S. attorney in 1988 by then-U.S. Attorney Samuel Alito.

"I would describe Mr. Chertoff as probably the most skilled prosecutor I have ever come up against," said David Ruhnke, who represented Richard DeSciscio in the Manna trial.

DeSciscio was sentenced to 75 years in jail for the murder of Schiff, the Gotti murder plot, racketeering and illegal gambling.

"Chertoff is extremely intelligent, and knows how to do something that most other prosecutors don't know how to do — cross-examine somebody," Ruhnke added.

"He's a very tough prosecutor, and yet you can talk to him," said Michael Sluka, who represented Rocco Napoli in the Manna trial. Napoli was sentenced to six years in prison for labor union racketeering offenses.

"I have found him to be very fair. He is also unbelievably organized, which is something you need to be with these complex, massive, federal racketeering cases."

Chertoff lives in Union County with his wife and daughter.

McCANN INDICTED

Sweating, McCann tells who he blames for legal troubles

Continued from Page 1
with his supporters — city directors, the Police Department's top brass and mayoral aides.

McCann launched a rambling and disjointed attack on the Republican Party, which he says has a vendetta against him.

He wiped sweat from his forehead as he tried to dismiss the indictment and remain confident.

"I'm going to continue to be mayor and I'm going to be re-elected in 1993," said the not-so-cool McCann, who was dressed in a dark blue suit, tightly knotted red tie and button-down oxford shirt.

That bravado, the most straightforward of his statements at the 5 p.m. press conference, showed that somewhere under the hot red face and frown exists the Gerry McCann that many people in Jersey City love to hate.

McCann retained a certain degree of control by keeping the press conference closed to the public. But the lack of air-conditioning, coupled with the probing questions from the 30 or so reporters, seemed to frazzle his nerves.

Adding to the heat was his recent fight for the Hudson County Democratic chairmanship. With the lever of the county political machine slipping from his hands, he searched for answers.

Asked to produce documentation regarding \$300,000 from a savings and loan, he tried an old standby: insults.

"I don't have to defend myself before a television camera," he mocked. "I have to defend myself before a jury."

He tried a verbal assault on former Mayor Anthony Cucci, but that proved unsuccessful, since many of the reporters present couldn't remember that far back.

He invoked the Statue of Liberty, saying that "One of the

things (it) stands for is that you are innocent until proven guilty."

And he tried to blunt the bite of the indictment by giving the silent audience a diverse menu of excuses:

• The Republican Party, in an effort to clear Neil Bush's name, is attacking Democratic leaders like McCann throughout the country.

• If he wasn't the mayor of a big city, the U.S. attorney would never have looked his way. "They would not have

"I'm going to continue to be mayor and I'm going to be re-elected in 1993. I don't have to defend myself before a television camera. I have to defend myself before a jury."

Gerald McCann

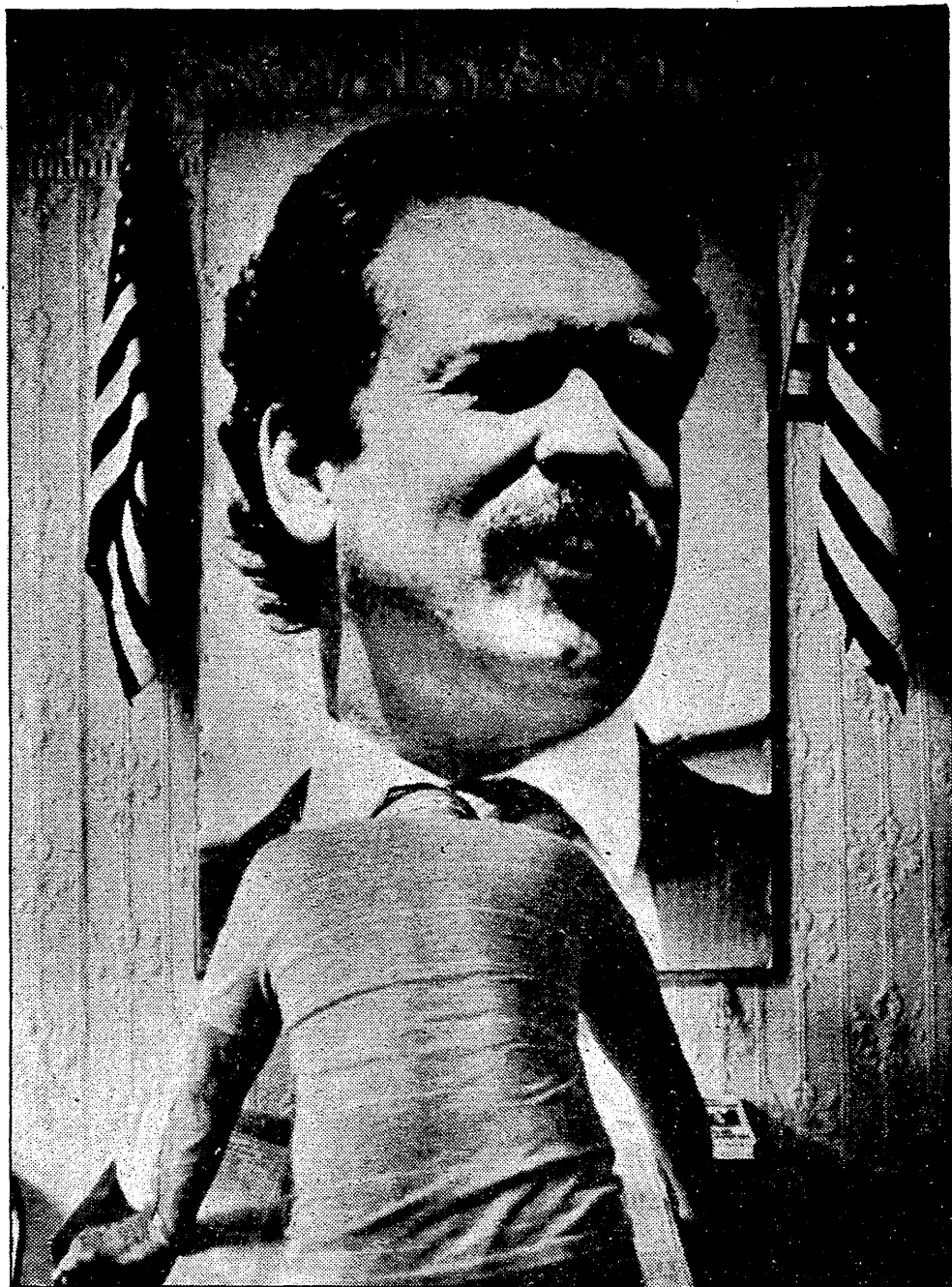
At his news conference

been investigating me if I was a truck driver. They're holding me up to a different standard," said McCann.

• The FBI, angry that he blew the whistle on their sting operation in another case, is still angry that he reported their unauthorized use of female FBI agents posing as prostitutes. And, he added, "I can guarantee that every single one of those FBI agents are Republicans."

• Attorney General Dick Thornburgh, the highest ranking prosecutor in the country, is using the indictment to boost his run for Senate in Pennsylvania.

While the mayor drifted, his sister and mayoral aide, Barbara McCann, sat teary-eyed with other women on his staff. The council members who won as



A man reads a newspaper beneath a photo of Jersey City Mayor Gerald McCann during the 1988 mayoral campaign.

part of his ticket remained quiet, while laid-off police officers raised their fists and laughed behind the windows of the guarded doors of the City Council Chambers.

As McCann was whisked off the podium by his entourage, one of the laid-off policemen joked about the round Jersey

City seal hanging on the wooden lectern.

"If you flip over the seal, it says Florida Savings and Loan," he snickered. The man's unemployed associates, who were dressed in orange T-shirts that read, "Without struggle, there is no progress," simply smiled.

Journal photo by Larry Cutshall

McCann: This won't hurt city's operation

Continued from Page 1
as when the mayor is in court in Newark.

McCann said he doubts the case will ever come to trial, but predicted it will only last about two weeks if it does.

If McCann is convicted, the City Council would have 30 days in which to choose an interim mayor by resolution that would have to be approved by a five-member vote.

The interim mayor would run the city for up to nine months.

At that time, depending on whether it was an election month, either a regular election or a special election would be held.

McCann is being represented by a team of attorneys, including Matthew Boylan and Alfred DeCotiis of Roseland, and Samuel DeLuca of Jersey City.

Ruvoldt is also offering McCann his legal advice — free of charge, so as not to conflict with his city job as corporation counsel.

"As a friend, I'm giving him legal advice," said Ruvoldt. "I do not actively represent him."

McCann's legal costs could climb as high as \$150,000, said McCann.

"I'll have to borrow it or raise it somehow," said McCann, "because I don't have any money."

Taxpayers will not be charged for his defense, since the allegations have nothing to do with his being mayor, he said.

Fellow politicians aren't casting stones, but Cucci lobbs some

By Helene Stapinski
Journal staff writer

Hudson County's politicians were slow to sling mud at Jersey City Mayor Gerald McCann yesterday, leaving the dirty job of judgment to the federal judicial system.

Even McCann's worst political foes lent their support to his family, and claimed to be "better men" for not "kicking him when he's down."

All agreed that the latest stain on Hudson's reputation will not spell disaster for the city.

The harshest words came from former Mayor Anthony Cucci, a one-time ally who beat McCann in the 1985 election, but lost his bid for re-election in 1989. The first mention of McCann's \$300,000 savings and loan debacle came from Cucci's camp during the 1989 elections.

Responding to the long-awaited indictment, Cucci said yesterday: "He's probably sorry he didn't borrow more."

Regardless of his guilt or innocence, McCann should have revealed the investment to the public and should explain where the money went, said Cucci.

"His failure to have the integrity and courage to reveal this loan at the time he ran for office is an insult to the public," said Cucci.

Downtown Councilman Jaime Vazquez, another opponent of McCann's, left the weight of the charges in the scales of justice.

But he added that no one will rush to McCann's aid because of the mayor's personality.

"Gerry McCann has never been a loved mayor. He's always been very abrasive, condescending and arrogant," said Vazquez. "So you're not going to find a lot of people crying over this."

Hudson County Freeholder Lou Manzo, who fought McCann over his job as city health inspector, was kindhearted.

"I just feel bad for the man's family," said Manzo. "I don't kick a guy when he's down, like he did to me. I'm not that type."

West Side Councilman Bill O'Dea, who many expect to make a run in the 1993 mayoral election, also chose to rise above McCann's acid-tongued rhetoric.

"Unlike the approach he takes to his political adversaries, I'd rather show that I'm a better man," he said.

McCann's team players were all hesitant to defend the mayor.

"If he's exonerated, fine," said Councilman-at-large Efrain Rosario, who was elected on McCann's ticket. "If he isn't, let him pay the consequences."

Some were more sympathetic. Councilwoman Willie Flood was "sure he's going to be vindicated" and offered her prayers for him to "come out on top."

Council President Marilyn Roman said the indictment "is not a good thing to have happen to the city," but said the council will have to deal with it.

She said she hopes the indictment won't cause the council to "descend into a lot of political mud."

Both friends and enemies of the mayor agreed that Jersey City will bounce back.

"It is almost ironic that 20 years ago a Jersey City mayor was indicted," said Journal Square Councilman Joseph Rakowski, referring to the conviction of Thomas Whalen in 1971.

"However, this indictment has nothing to do with the governing of the city."

Roman said some people will badmouth Jersey City because of the indictment, but said they are the same people who praised it in the past.

"In the early '80s, because of McCann, people were saying 'Gee, that place is really coming back,'" said Roman.

Greenville Councilman Vincent Signorile, one of McCann's staunchest supporters, said he has no worries about the future of the city.

"Jersey City is a town full of fighters. Nothing can put this city down," he said.

O'Dea said the indictment may diffuse McCann's support on the council and will weaken his stance against Hudson County Freeholder Robert Janiszewski, who has been locked in political battle with the mayor.

He also predicted that Law Director Harold Ruvoldt, appointed acting mayor last week by McCann, will gain more control over the city's affairs.

Vazquez said members of the administration may be temporarily paralyzed without McCann's ironfisted rule.

"There won't be that strong leadership at the top, so things may slow down," said Vazquez. "People take orders directly from him."

McCann charged with fraud, tax evasion

Feds claim he was mastermind between terms

Continued from Page 1
will be re-elected in 1993," he told a tightly controlled news conference at City Hall.

In a media-packed press conference in his Newark office, U.S. Attorney Michael Chertoff said McCann illegally took money from a company he founded to bid on a marina project at Liberty State Park.

Chertoff was flanked by Assistant U.S. Attorney Eric Tunis, who conducted the investigation; Michael Greenspan, the assistant district leader for the IRS; and Gary Penrith, special agent in charge of the FBI office in Newark.

The indictment charges that McCann used money from Historic Equishares to pay his Visa and American Express bills and as collateral to secure a personal loan.

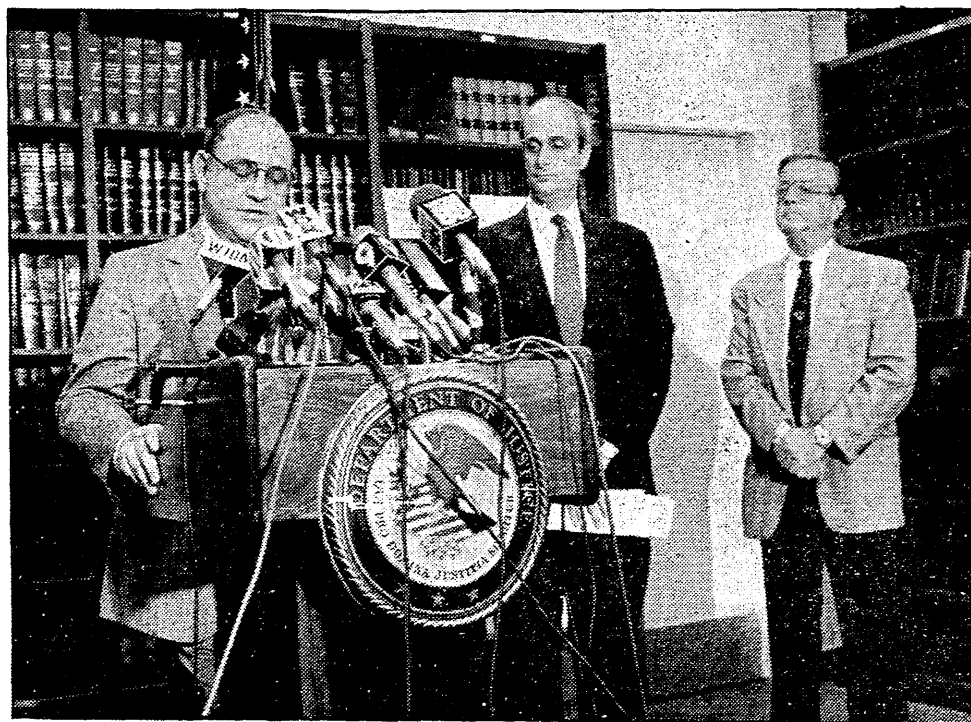
Chertoff said McCann would be allowed to remain free at least until his arraignment in two weeks. McCann had already selected city Corporation Counsel Harold Ruvoldt as permanent acting mayor to conduct city business when he is unavailable.

At his own press conference at City Hall, McCann said he is innocent of all charges. He maintains he is the victim of Republican attempts to link the nation's growing savings and loan debacle to prominent Democrats.

He said Chertoff stymied his efforts to testify before the grand jury and accused federal authorities of treating him unfairly.

"It's all part of a conspiracy by the Republican Party and Mr. Chertoff to cover up the fact that the Bush family is involved in corruption around the country," McCann said. "They are political people and they are attacking me for one reason — I happen to be a Democrat."

McCann first accused federal authorities of a political vendetta in The Jersey Journal more than a year ago. Chertoff, breaking his silence on



Journal photo by M. Kathleen Kelly

Internal Revenue Service Assistant District Director Michael Greenspan, U.S. Attorney Michael Chertoff and FBI Special Agent Gary Penrith detail the 16-count grand jury indictment handed up yesterday against Jersey City Mayor Gerald McCann.

McCann's charges, said they were "absolutely false."

"We are simply concerned here with pursuing justice," Chertoff said. "We do not target public officials in an unfair way."

McCann was the only person indicted.

Chertoff said the investigation will continue but would not say whether he expects others to be charged. At least one of the members of Historic Equishares is expected to testify against McCann, according to law enforcement sources.

Historic Equishares was founded by McCann in 1986 as a joint venture between another firm he founded, MGT Ventures, and a subsidiary of Southern Florida Banc called SFB Capital Corp.

Historic Equishares was controlled by three corporate directors from MGT, including McCann and two current members of his administration, and three bank officials. McCann had the authority to spend the corporation's money as long as

any individual amount was less than \$10,000, a common business practice.

But Chertoff said McCann routinely avoided scrutiny by transferring money from the corporation in amounts under \$10,000. McCann never told bank officials that a bid for the Liberty State Park project was never submitted. Chertoff said this allowed McCann to keep control of the money.

McCann countered that the bank failed to complete its part of the marina bid process, dooming Historic Equishares' proposal. He again declined, however, to release papers backing up his claim and declined reporters' requests that he detail what happened to the \$300,000.

"I don't think at this point I have to defend myself in front of television cameras," a confident-sounding McCann said in the sweltering council chambers where the conference was held.

"The responsibility of a corporate director is one of trust

and confidence and of obligation to the other directors and investors," Chertoff said. "And he breached that fundamental rule of trust."

McCann, a certified public accountant who prosecutors said hasn't practiced since 1981, altered his 1986 tax return in an attempt to foil prosecutors, Chertoff said.

McCann reported nonexistent loans to stockholders to disguise substantial taxable income, the indictment charges. He was also charged with filing his 1987 tax return late.

Asked if he was surprised by McCann's actions in light of his background as an accountant, Chertoff said: "Nothing surprises me, but this is disturbing."

"My accountant admitted it was his fault," McCann said of the late tax filing.

An indictment is a formal charge made by a grand jury, which consists of between 16 and 23 citizens. Prosecutors must receive at least 12 votes to hand up an indictment.

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In Our Opinion

Avoid city's entanglement

Some very serious charges, including mail fraud, wire fraud, bank fraud, tax evasion and making false statements to the IRS, have been levied against Jersey City Mayor Gerald McCann.

The indictment of McCann by a federal grand jury yesterday shouldn't come as a surprise. The mayor predicted last month that he would face federal indictment on some charge.

The mayor has repeatedly maintained his innocence and asserted that he has been unfairly treated by federal investigators. His comments at one point last month, that he was targeted by federal authorities in return for his refusal to play a role in a racially-biased investigation of a black public official, were unconvincing. Presumably, any material to support that and other claims of unfair treatment — such as the claim that he is being prosecuted because he is a Democratic mayor — will surface in court.

It should be emphasized that an indictment is only an accusation, not a conviction. The mayor enjoys the legal presumption of innocence and all the rights to which a defendant is entitled under the law.

As the mayor faces a personal legal crisis, steps should be taken to uphold the interests of the City of Jersey City. It's important to reduce the level of entanglement of this case with the mayor's official duties.

The mayor has designated Corporation Counsel Harold Ruvoldt Jr. as acting mayor whenever he is unavailable. Ruvoldt, who also has given McCann personal legal advice, probably is juggling too many hats. But since he has been named McCann's stand-in, he should do his best to make sure city government operations are not hurt administratively.

It's important to remember that none of McCann's alleged offenses involve any actions McCann took as mayor. Therefore, there should be no reimbursement by the city of McCann's legal fees, no matter what happens to the federal charges.

In Your Opinion

Trauma unit needs to be strengthened

Some months ago I was impelled to write an article which concerned itself with the lack of a medical trauma unit in Hudson County. I now find myself reiterating my earlier article after hearing of a young man shot in a street brawl who subsequently died of his wounds after having been evacuated to University Hospital in Newark. I am not blaming anyone for this, nor am I a medical professional, but it doesn't take one to know that the golden hour of medical treatment, which I have read is the most crucial, is not being administered in a timely manner.

I am hoping that those responsible for Hudson County having a trauma unit will read my words and again consider the serious need for this service.

Allow a trauma unit to be established so that we may help save more lives.

CARLOS J. VAZQUEZ
Jersey City

Authority needs to be investigated

While reading and following up on articles written by several Jersey Journal staff writers, Dan Rosenfeld, Bill Campbell and Helene Stapinski, I recall Dan Rosenfeld's repeated stories concerning a Port Authority police officer who had contacted Legionnaires disease and co-workers who also carried antibodies linked to Legionnaires.

During July 1991, P.B.A. president Ron Swartz requested the Port Authority to inspect the police locker room and ceiling or shut down the Lincoln Tunnel Administration until the Port Authority can prove the building is free of serious health hazards to Port Authority employees.

On July 12, 1991, Bill Campbell reported a story of \$50 million for toll booths that will be a hazard to toll takers because of mistakes made in planning. Ernesto Butcher, Assistant Director of Tunnels and Bridges reported several toll takers have been struck by vehicles and two were killed in 1970.

On February 21, 1990, Helene Stapinski reported that for several months the state Health and Hudson Regional Health Commission industrial hygienist had been requesting follow-up

blood tests and air sample results but Port Authority claimed it was not required to release information.

On February 1988, Port Authority employees assigned to Newark International Airport became aware of asbestos problems.

Governors Jim Florio, Mario Cuomo and the state and federal legislators of New York and New Jersey should become involved.

To protect Port Authority employees and retired Port Authority employees, the elected officials should investigate charges of safety violations by the Port Authority and set policies to protect Port Authority employees and retired employees "where there is a substantial possibility" of death or serious physical harm to these employees, which can also affect their families mentally and physically.

The 1970 O.S.H.A. laws do not protect Port Authority employees who must relinquish that basic human right to life.

The writer has lived through these experiences during my employment with the Port Authority. I am now retired.

ANTHONY P. LOPEZ
Jersey City

I WAS A DIRECTOR OF AN S&L THAT WENT BELLY UP A FEW YEARS AGO.



BAD LOANS, JUNK BONDS, CORPORATE MISMANAGEMENT, ALL OF IT.



THE RESOLUTION TRUST CORPORATION TOOK IT OVER TO SALVAGE THE ASSETS AND SAVE THE DEPOSITORS WITH THE HELP OF U.S. TAXPAYERS.



I JUST BOUGHT IT BACK FOR 2¢ ON THE DOLLAR!



Thank you

Greenville Hospital staff warm, caring

Please give me space and opportunity in your paper to commend and thank the staff of the Greenville hospital for their selfless dedication, efficiency in caring and healing, not only of the sick but also for their worried sick families.

Other hospitals, are cold and distant. Greenville Hospital exudes an aura of warmth, patience and understanding.

To mention a few, I'd like to especially thank Dr. El-amir, staff Mary Ann, Marilyn, Lilia, and Irish. Their charm and gentility are priceless!

MRS. ABDULLA NAWROCKI
Jersey City

Action speaks louder than words

On June 22, Councilman Dan Waddleton announced at our Central Avenue June Jubilee block party that new sidewalks would be put on Central Avenue, in different areas. This was something that I have been striving for, for a long time. With Councilman Waddleton and Arthur Fabian's help, and with other city officials, work started on June 26, which was only four days after the announcements. As I said "Action Speaks Louder Than Words."

Mayor McCann has discussed this program with us at one of our C.A.R.E. (Central Avenue Renaissance Enterprise) business meetings. The business owners agreed to pay a certain amount, and the city would supply the labor. Mayor McCann told us that he would work with us to have a better city to live in and do business in. He came through!

I can't tell you how elated I am with this progress that is being made. This beautification will certainly do a lot to revive Central Avenue. Thanks to all the people that are involved in making this possible.

JAMES DIMOPLON
Jersey City

Write to us

Any In Your Opinion letter should include the writer's name, address and daytime telephone number, for verification purposes.

U.S. senators get to keep those 'gifts'

WASHINGTON — It doesn't matter if they have been naughty or nice. It doesn't even matter if it's Christmas. U.S. senators are showered with gifts year-round. And even under strict new Senate ethics rules, they can usually find a way to keep them.

Since January of last year, the Senate rules have prohibited senators from taking any gift worth more than \$100 from someone with a direct interest in legislation — such as a lobbyist who wouldn't mind dropping \$100 on lunch. If the gift comes from someone with no interest in legislation — a rare person to find bearing gifts on Capitol Hill — then it must be worth less than \$300, or the senator can't keep it.

There are exceptions. Any senator can ask the Senate Ethics Committee for a waiver to be allowed to keep a gift worth more than the limit. The waivers that are granted are a matter of public record. But don't go snooping around Capitol Hill looking for a list of waivers that were denied — the list of gifts that senators coveted but that the Ethics Committee nixed. No such list is available to the public and committee staffers won't even talk about it from memory, nor will they say what percentage of the waiver requests are denied. As far as the Ethics Committee is concerned, a returned gift is not a conflict of interest.

Here are some gifts that were deemed to be keepers during 1990, the first year under the new rules:

• General Motors and PBS handed out copies of the PBS "Civil War" series on videotape to all senators and members of their staffs. Each set of tapes was worth about \$180 retail, but they were granted a blanket waiver because there were so many of them being scattered around on Capitol Hill.

• Sen. John Warner, R-Va., got four season tickets to sit in the director's box at Washington

JACK ANDERSON



Redskins games. It amounts to an open invitation from the team for him and any three friends. With this chit in his pocket, Warner could be a political force to be reckoned with this fall.

• Sen. Phil Gramm, R-Texas, opposed the seven-day waiting period for gun purchases in the latest anti-crime bill, but Gramm didn't have to wait for his own gun. A law enforcement group gave him a commemorative Smith and Wesson pistol worth \$285. With that and his \$250 cowboy boots, another gift, all Gramm needs is a sheriff's badge to complete his ensemble.

• Sen. Robert Dole, R-Kan., was given a bust of himself valued at \$2,000 from an Armenian sculptor who wanted to thank Dole for his work during the Armenian earthquake of 1988. The Ethics Committee gave him a waiver on that, and on a \$395 raincoat that was a birthday gift from Sen. Warner.

• Sen. Strom Thurmond, R-S.C., and his family received free contact lenses and glasses worth more than \$900 from an optical shop in Columbia, S.C. Thurmond didn't need a waiver from the Ethics Committee because each of the items was worth less than \$300.

SWEET DEALS • Select wealthy investors made a small fortune buying bankrupt savings and loans in 1988 when the thrifts were dropping like flies. The sales were attractively subsidized by the federal government as a way to unload insolvent institutions. They weren't worth much, but as it turns out, they were worth more than the buyers paid for them. Now private studies show that the beneficiaries of this government boondoggle donated \$69,000 to George Bush's 1988 presidential campaign and \$300,000 to House and Senate campaigns.

Vigilant neighbors help in battle against graffiti

Graffiti have become a symbol of urban decay, disrespect for authority and the property of private citizens. It is a verbal form of litter. Increasingly both public and private property has been vandalized by misguided persons in our community. Some arrests have been made and the data confirm that both juveniles and adults are responsible.

Parents have the primary responsibility to teach their children respect for the property of other people. The police department must remain vigilant to apprehend persons who would vandalize and the school system must teach values which enhance good citizenship characteristics.

In April of 1990 Councilwoman Dorothy Harrington organized a meeting of representatives from the public and private schools, private industry, public utilities, city government and the police department to discuss the growing citywide graffiti problem and focus upon strategies to diminish this chronic problem.

The public school system pledged to implement an educational action plan at each elementary school to teach the youngest children to respect property and not visually litter our community. Activities including having students

take a graffiti census in the school neighborhood and then encourage private property owners to remove graffiti immediately upon discovery. Students developed plans to assist neighborhood people in clearing walls.

The maintenance department of the school system repainted the base of several schools with graffiti resistant paint and employed new security strategies and better schoolyard lighting to deter vandals. A new mobile sandblasting machine has been purchased by the school board to handle difficult graffiti removal from brickwork, sidewalks and some metal doors. Advanced graffiti removal chemicals and equipment have been purchased for each school in the city to aid rapid removal.

Every morning, prior to opening each building, the building engineer inspects the walls of the school and surveys the property for litter of any type. It is very important to deny the vandals the satisfaction of reviewing their damage. At Bayonne High School a custodian inspects every corridor, staircase, lavatory, and entrance after school dismissal and removes even the smallest writings on walls or lockers.

The city government purchased a

JAMES H. MURPHY

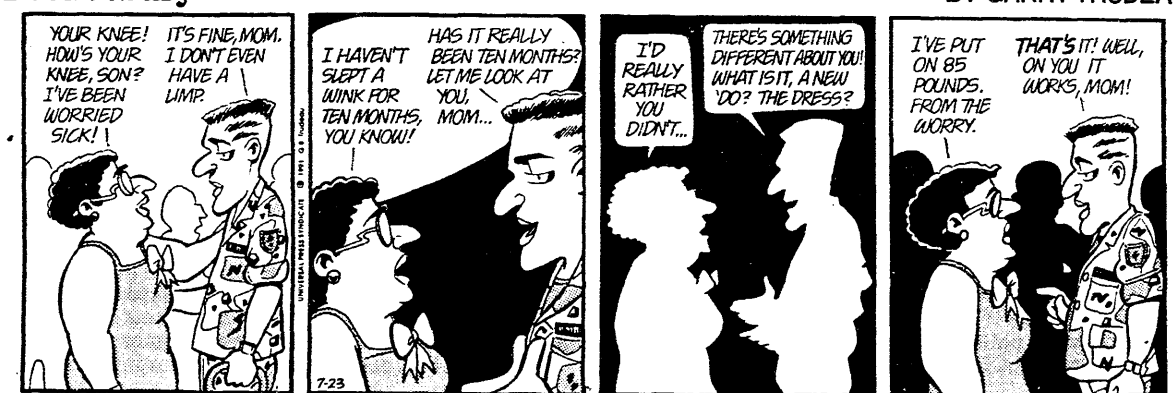


graffiti removal machine for use in parks and public property areas throughout the city. The police department increased patrols at locations previously vandalized on a regular basis.

Private property owners have responded in a positive manner. The United States postal service has repainted their mailboxes and the Bayonne Housing Authority has instituted a strong graffiti removal effort. I urge every property owner to repaint damaged surfaces immediately and keep a little extra pain of the same color handy for future use. The vigilant neighborhood people who call the police and keep us informed as to unusual activity are a very valuable deterrent to vandalism. I encourage residents to help us. The police are very happy to receive calls which will be kept confidential.

However, proper parental supervision and values coupled with formal educational instruction are the most important preventative measures.

Doonesbury



Dentist sinks his teeth into card tricks

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Lighthouse keeper was lost at sea in '02

Page 23



Bowie helps Nets notch first home victory this year

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THE JERSEY JOURNAL

125th Year — No. 171 ★ ***

Wednesday, November 20, 1991

35¢

Home Delivery — \$1.45 weekly

29 residents kept under surveillance

By Steven Kalcanides
Journal staff writer

Testimony in the U.S. government's case against a Bayonne longshoremen's local has shown that investigators kept tabs on Bayonne residents suspected of being members or associates of organized crime.

Over the past few weeks, a special

Government suspects them of crime connections

agent with the Newark FBI office and five Waterfront Commission investigators have taken the stand at the U.S. Courthouse in Manhattan to testify in the case.

While officers and members of the 240-member ILA Local 1588 have denounced government charges of mob

influence, government officials said they have had them under surveillance for hundreds of hours.

One FBI agent who took the stand last month said the local's union hall at Kennedy Boulevard and 21st Street has been kept under surveillance since 1982 and was last watched by

the FBI only a few months ago.

And a 28-year veteran investigator of the Waterfront Commission testified earlier this month that he and other investigators have kept tabs on a number of people, including Joseph "Pepe" LaScala, a reputed mob soldier.

FBI Special Agent Robert Lenehan has testified that surveillance

records show two alleged mob associates frequenting a Hoboken social club.

Waterfront Commission detective Charles Dugan has testified that he and other investigators have seen LaS-

See SIX — Page 6

McCann 'greed' highlighted

Prosecutor appears to score first in opening

By Helene Stapinski
Journal staff writer

TRENTON — "Good morning, ladies and gentlemen. This is the trial of Gerald McCann."

With that, U.S. District Judge John C. Lifland began yesterday's six-hour session before the 70 ladies and gentlemen packing the tiny Trenton courtroom. They included McCann's mother and father, who frowned from the first row as they listened to the opening arguments in their son's criminal trial.

The senior McCann sat with his head bowed to his chest as he listened intently to Prosecutor Michael Chertoff's accusations. The mayor's brothers and sisters were there, as were his bodyguards and a few of his closest aides.

Besides the FBI agents and members of the U.S. Attorney's Office, only two McCann foes were in the tightly packed audience.

McCann, who kept his slings and arrows beneath the large wooden table, had only his attorney, Matthew Boylan, to defend him before the ladies and gentlemen of the jury.

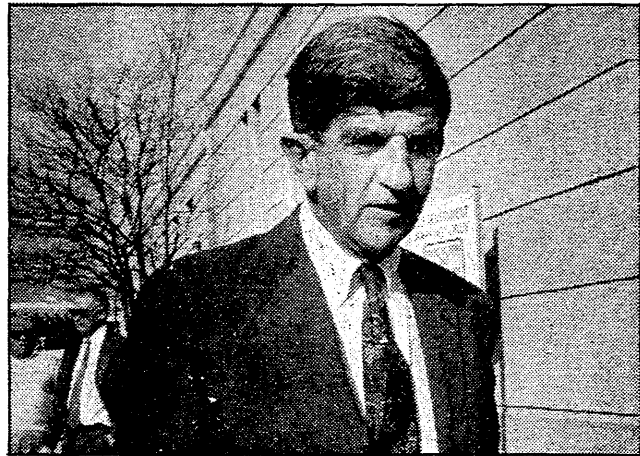
The mayor couldn't rise from his seat to badmouth Neil Bush or former Mayor Anthony Cucci, as he did on the day of his indictment. He wasn't allowed to speak for himself — yet.

Boylan, a highly respected attorney who has kept a low profile for the past 15 years, wasn't the sharp and biting lawyer one might expect the feisty mayor to employ.

See PROSECUTOR — Page 6



Jersey City Mayor Gerald McCann and some top advisors return from lunch for the afternoon proceedings in his bank fraud trial in Trenton yesterday. From left are mayoral aide Raul Vicente Jr., McCann, Police Officer Joseph Roselle, and Chief of Staff Harold Demellier.



Defense attorney Matthew P. Boylan talks about the first day of testimony in Jersey City Mayor Gerald McCann's bank fraud trial.

Defense calls him a 'target of venom'

By Michael Finnegan
Journal staff writer

TRENTON — Jersey City Mayor Gerald McCann lived "high on the hog" by looting a "humongous lump of money" from a Florida bank's \$300,000 investment in a Hudson River waterfront development project, a federal prosecutor said yesterday.

In opening remarks at McCann's bank fraud trial, U.S. Attorney Michael Chertoff accused the mayor of illegally "sucking the money" out of Southern Floridabanc Savings Association "to finance his idea of a luxury lifestyle."

"At the bottom of all this lies greed," Chertoff told the jury. "It's the greed of defendant Gerald McCann."

McCann improperly spent more than \$7,000 of the savings and loan's investment on tickets to sporting events and \$15,000 on collectible stamps and coins, the prosecutor said. McCann also bought furs and leased a "fancy luxury Mercedes" with part of Southern Floridabanc's \$300,000, which he was supposed to use to prepare a proposal to build a hotel and recreation complex in Liberty State Park, he added.

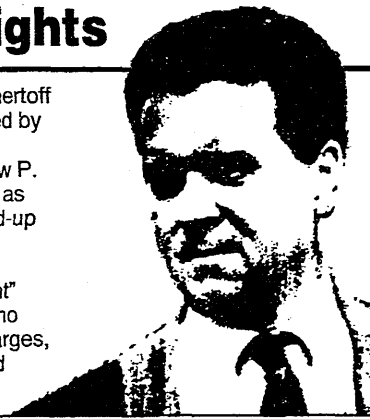
"Gerald McCann treated that money like a cash cow," Chertoff said. "He did not stop milking that investment until he drained it absolutely dry, until there was not one penny left."

McCann's attorney, Matthew

See MCCANN — Page 6

Trial Highlights

- U.S. Attorney Michael Chertoff said McCann was motivated by one simple thing: "Greed."
- Defense attorney Matthew P. Boylan described the case as nothing more than "gussied-up civil charges."
- Boylan acknowledged McCann made "improvident" expenditures, and offered no defense to tax-evasion charges, but said there was no fraud scheme.



Political Whirl

■ Being a CPA might work against McCann

Page 2

Abortion gag ruling survives override try

By William M. Welch
Associated Press writer

WASHINGTON — The House yesterday sustained President Bush's veto earlier in the day of a bill that would have lifted his ban on federally financed abortion counseling. Democrats had thought they had the muscle to override Bush for the first time, but fell a dozen votes short.

The outcome left Bush with a perfect 24-0 record for making his vetoes stick, and was a blow to House Speaker Thomas S. Foley, D-Wash., who convened the

override debate immediately after the president's action with a prediction that "We have the votes" on the hotly disputed abortion issue.

But Foley didn't; the 276-156 tally was a dozen short of the two-thirds necessary.

Foley, in a rare speech on the House floor, condemned the veto as motivated by "a mistaken principle."

At stake was an overall \$205 billion spending bill for education, labor and health programs. But the fight was centered on a

See ABORTION — Page 6

Inside

WEATHER:



Today: Variable cloudiness, mild, 65 to 70
Tonight: Mostly cloudy, possible rain, low 50s
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Electricity-cancer link seen

By Lee Siegel
AP Science Writer

LOS ANGELES — A study that seems to link childhood leukemia to power lines, hair dryers and black-and-white televisions also hints at possible risks from curling irons, clocks and video games, scientists said yesterday.

Sponsored by the electric utility industry, the five-year, \$1.7 million study is the most comprehensive yet conducted on the possible but unproven health risks of electromagnetic fields, or EMFs — invisible force fields generated by power lines, appliances and everything electrical.

Study still has contradictions

But the findings are somewhat contradictory. The study found that children who live close to high-current power lines may have twice the normal one-in-20,000 chance of getting leukemia.

Yet actual 24-hour measurements of EMFs in children's homes suggested only a weak link between leukemia and magnetic fields.

No link between the cancer and electric fields.

"The current study adds some support to the hypothesis

that electromagnetic fields increase childhood leukemia risk, but it doesn't resolve the controversy," said Dr. John Peters, a co-author of the report and occupational health director at the University of Southern California.

The lack of evidence of a solid link of electromagnetic fields to health problems was cited locally by Public Service Electric & Gas in September when the utility successfully convinced the Jersey City Planning Board to allow it to construct a \$20 million power switching substation in Downtown.

Residents and businessmen

See STUDY — Page 6

BAYONNE TIMES

Joseph Casey, Bayonne editor, 436-6400

Politics not yet in trial

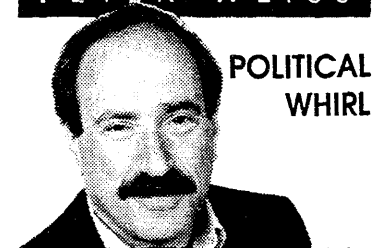
We now know that Jersey City Mayor Gerald McCann spent some of a \$300,000 bank loan on a Mercedes, furs and entertainment.

What we, and a jury in U.S. District Court in Trenton, still don't know is if it was illegal.

McCann's trial on bank fraud charges began yesterday. It began without any of the political bombshells we thought might constitute part of McCann's defense.

PETER WEISS

POLITICAL WHIRL



For months, McCann has maintained he is the victim of a political witch hunt, targeted by the Republicans in Washington because he is a big-city Democratic mayor. According to McCann, the federal government went after him so people would forget that it wasn't going after Neil Bush, the president's son, or other Republicans involved in the savings and loan mess.

But in yesterday's opening arguments, there was little hint of politics.

Defense attorney Matthew Boylan spoke of the "venom" of the federal government in going after McCann on criminal charges after it had earlier decided a civil complaint was unwarranted.

Not that the defense doesn't necessarily want to inject politics. It may still happen. U.S. Attorney Michael Chertoff has formally notified the judge he will object to a defense that seeks to make the charges appear politically motivated.

But even if McCann is correct in his assertion that he is being prosecuted because of who he is, not what he allegedly did, politics would still only be a side issue. He will either be convicted or acquitted of bank fraud.

Boylan freely admitted McCann spent part of a bank loan on personal items. "Improvident and foolish expenditures," Boylan called them. But not illegal, he said.

Boylan had little choice but to acknowledge those expenditures. The government has the bills, the receipts, the credit card records. Instead, Boylan stressed the government must prove McCann "knowingly and willfully" misspent the money.

You might ask how someone can lease a luxury car, buy furs and invest in coins and stamps unknowingly and unwillingly. It's a question the prosecution can be expected to pose to jurors in summation.

But the government must also prove McCann knew it was wrong to spend the bank loan in that manner.

The government contends the terms of the investment were specific in how it could be spent, and that the way McCann spent it didn't fall within those parameters. Moreover, Chertoff said, McCann stalled bank officials when they asked about the status of the loan and the projects McCann was supposed to be undertaking. That, Chertoff reiterated — although it was the first time the jury heard it — constitutes criminal fraud.

There are other charges related to the alleged bank fraud. These include filing a false tax return and failing to file a tax return. The government says it will produce a witness, a friend of McCann, who helped the mayor file a false return in order to cover up previous misdeeds.

Tax charges are often tacked onto indictments. You can get convicted on tax charges even if acquitted on the major charges, the "heart of the case," as Boylan described the bank fraud allegations against McCann.

Some people have said they think the government has a "weak" case. What they really mean is that, in terms of indictments against public figures, it's dull. There are no kickbacks or extortion, no envelopes full of money left in desk drawers or passed under the table in a dimly lit restaurant. There are no wiretaps.

But the government doesn't have to prove McCann is a desperado. It just has to convince the jury McCann knew he was spending the money illegally. One wonders if the mayor, who often reminds critics that "I'm a CPA" when they dare to question his fiscal policies, will hear the prosecution use that argument when it asks the jury to believe McCann knew exactly what he was doing.

Officials to be honored at conference

By Steven Kalcanides
Journal staff writer

Two Bayonne public works officials will be among 63 people in the state to be recognized at an Atlantic City conference tomorrow for completing a certified public works manager program.

Thomas J. Adam, director of the Bayonne Department of Public Works, Parks and Recreation, and Gerald Timoldi, Bayonne superintendent of parks, will be recognized as graduates of the program.

The ceremony honoring Adam and Timoldi will take place during the 76th annual

New Jersey League of Municipalities Conference tomorrow.

Adam and Timoldi recently completed what city officials described as an "intensive" 174-hour training program co-sponsored by the Rutgers Department of Government Services and the Public Works Association of New Jersey.

Both completed the nine-course program after having studied public works training, human development, technical management, record keeping, local government, municipal budgeting, pur-

Two complete public works course

chasing, planning and public relations.

Adam was appointed director of the department on July 1, 1990 by Rutkowski. Timoldi began working for the city on Feb. 25, 1989 and has held supervisory positions since 1975. He was appointed parks superintendent in 1990.

Timoldi recently placed second in a state Civil Service promotional exam for the city parks superintendent job. Public Works Superintendent John Pona scored the highest on the exam, but city officials have not said what they plan to do with the new Civil Service list.

"I congratulate Tom Adam and Gerry Timoldi for their successful completion of this program," Rutkowski said.

"You're dealing with people who know the business you're in and it's a very enlightening course," Adam, 60, said yesterday. "It was like a workshop atmosphere. It gave me a lot of food for thought on things we may implement in the city in the future."

Adam said he started attending the courses in March and only finished about two weeks ago. He spent about one or two days

per week taking the course, he said.

A number of city workers and friends of Timoldi have said they will honor him during a testimonial dinner Saturday night at 8 at Hills Tavern, 391 Kennedy Blvd.

Frank Hill, owner of the tavern and Rutkowski's 1990 campaign manager, will be serving as the master of ceremonies during the dinner, according to the group. Serving on the committee are a number of city workers including Bob Wahlig, Gene Olden, John Payer, Luke Wade, Michael Colombo, Peter Delbert, Raymond Prontnicki, Todd Timoldi and Stanley Zienik.



Food collectors

Pauline Muleady, Christie Gilson and Deanna Destito, front from left, students at Bayonne's Horace Mann School, present Leonard Comes, rear left, a member of the Salvation Army advisory board, and Lt. Amos Washington Savatio of the Salvation Army, some of the food collected by students at the school for use by the needy as Thanksgiving nears.

Barge hits cargo ship

A barge collided with a cargo ship docked at an International Matex Tank Terminals Kill Van Kull pier on Oct. 27, but no spills occurred, Bayonne fire officials reported yesterday.

A couple of holes were left in the vessels, according to City Environmental Health Specialist James Monkowski.

The ship, called the Birdie, sustained a hole in its rear right side, which punctured a vacant cargo compartment that was filled with water for the purpose of providing ballast, said Monkowski.

"The barge was pulled away from a pier and it struck a ship," he explained.

Fire officials said the report on the collision was filed only recently. A deputy fire chief had neglected to file it after the incident, because firefighters only stood by at the scene, an official said.

Vandals shoot out school van windows

Four windows on a mini school van parked at 39th Street and Avenue C were shot out by what was apparently a BB gun sometime between Friday afternoon and Monday morning, Bayonne police said.

The driver of a van owned by A&A Charter Service, a Jersey City firm, reported yesterday that vandals broke the four panes of glass.

Since several car windows, rear windows of Avenue E homes, and some lights have been shot out with BB pellets in the last two weeks, Bayonne police say they have assigned extra patrol officers to look for BB vandals.

Vandals scratched an entire side of John Kelly's 1982 Ford Aerostar, and punched a hole in the car's hood, while it was parked near his East 19th Street home sometime Sunday or Monday, police said.

A wooden lamp post in the lower-level playground of 16th Street Park was found broken in half Monday night.

Sisk to give talk to temple group

By Peter Benedict
Journal staff writer

Bayonne Police Chief James Sisk will speak on "Combating Bias in Bayonne" at a breakfast Sunday at the city's Temple Emanu-El.

Sponsored by the Brotherhood of Temple Emanu-El,

the breakfast will be held at 9:30 a.m. at the temple, 775 Kennedy Blvd.

The public is invited to participate in a question-and-answer session on crime and safety in Bayonne, which will be held after Sisk speaks.

Mayor Richard A. Rutkowski appealed last

week to parents, school officials, religious leaders and local employers to discuss why bias attacks against people are wrong.

"There has been a mutual respect for cultural and religious differences and an innate eagerness for our residents to concentrate instead

on our common similarities," Rutkowski said.

These efforts by city officials to educate city residents about racial bias, and help combat it, came after a recent attack at a local religious school.

Two Hasidic students were pelted with rocks, but not seriously injured, in a bias incident Nov. 6 at Yeshiva G'Dola, a religious school on Avenue C, police said.

Three Bayonne boys, ages 15 to 17, were arrested on charges of attacking the students. The same boys had taunted another Hasidic student with racial comments earlier that day, said police.

Barkeep collars holdup man

A bartender and another man turned the tables on a masked, would-be holdup man whom they captured and turned over to police, officers said.

Louis Canjiano, 35, of Bayonne, was charged with robbery after he entered an uptown Broadway tavern wearing a ski mask Monday night and attempted to hold up the bartender, Bayonne police said yesterday.

Canjiano was held at the county jail in lieu of \$10,000 bail, they said.

Officers responding to a report of a robbery in progress at the Welcome Inn, 50th Street and Broadway, saw Canjiano and two other men struggling in the tavern's rear.

The bartender said Canjiano entered wearing the mask, claimed out loud several times that he had a gun, and grabbed \$86 in cash from him before they were able to subdue him, police said.

Assault is claimed by fellow-taxi driver

Richard Sindle, a Bayonne cab driver reported that a cabbie he works with accused him of stealing his fare and punched him in the face Monday night at Campbell's Taxi Service, Willow Street and Broadway, Bayonne police reported yesterday. He was treated at Bayonne Hos-

pital and released and was advised to sign a court complaint against his co-worker, they added.

Man, 24, is arrested on probation count

Leo Szymanski, 24, of Jersey City, was arrested in the Bayonne Detective Bureau yesterday on a Middlesex County Sheriff's Office warrant, issued in New Brunswick, for violation of probation, said police.

DWI suspect said to hit van, pole

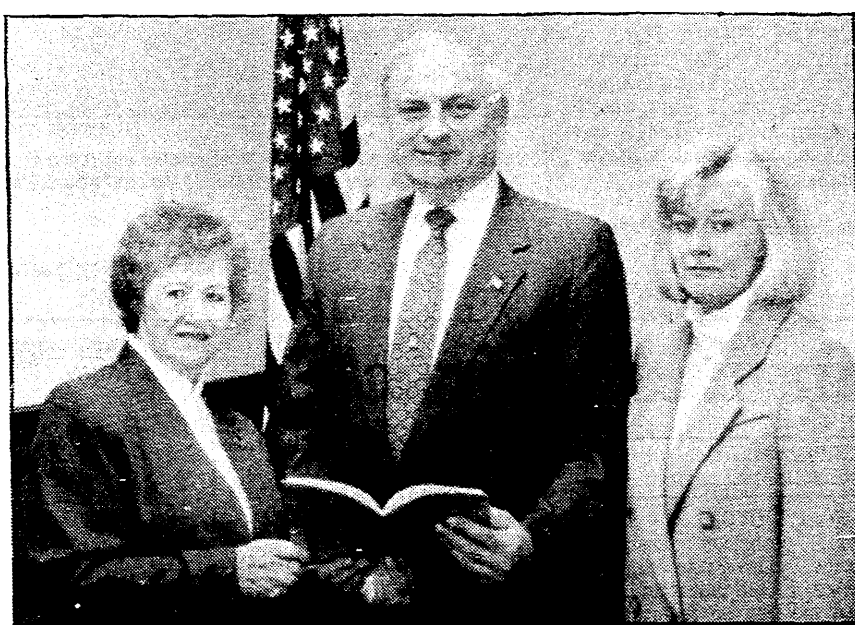
Vincent McCawley, a 72-year-old Jersey City man was charged with driving while intoxicated after he struck a van and crashed into a telephone pole on Avenue E Monday, Bayonne police said.

The van driver, Costanzo Distaulo, 63, of Ridgefield, said he was northbound on Avenue E when McCawley, who was southbound, turned left into the front of his car, causing him to veer right up onto a sidewalk, said police.

McCawley, who said he lost control of his car, hit a phone pole on the southwest corner of 25th Street, but there was no damage to the pole, police reported.

In an unrelated accident Monday, Patricia A. Stein's car was rear-ended on Broadway and her daughter was

injured, police said. Police reported that the daughter, Diane Torres, 21, of Bayonne, was treated for neck pain at Bayonne Hospital.



BEOF's 26th

The Bayonne Economic Opportunity Foundation is celebrating its 26th year of service to Bayonne's low- and limited-income residents. Looking over the program for the Friday dinner-dance at the Mackenzie Post are, from left, Eleanor Tiefenwerth, executive director; Mayor Richard A. Rutkowski, and Marie Burrows, Head Start program director.

Prosecutor appears to score first in opening

Continued from Page 1

His face flushed red and his hands and arguments wavering, Boylan delivered an opening statement that couldn't balance Chertoff's accusatory tone.

Chertoff, speaking in quick declarative sentences and using his large hands for emphasis, painted a picture of 1980s greed. McCann, he told the jury, used "tens of thousands, hundreds of thousands of dollars" that weren't his to lease a luxury Mercedes Benz, buy furs, rare coins and stamps and \$7,000 in tickets for sporting events.

Chertoff, staring at the jury with his dark eyes set in his gaunt face, used facts and figures to explain this "very simple case." At times, members of the jury seemed to drift away from the complicated testimony, turning their attention to faces in the large crowd.

Boylan, who admitted his client's "improvident and foolish expenditures," tried bonding with the jury by cracking small jokes and holding the door open for the witnesses.



Jersey City Mayor Gerald McCann answers reporters' questions about his trial before ducking into a Trenton restaurant during a court lunch break yesterday.

Peering over the glasses perched on the tip of his nose and shaking the 16-count indictment in his hand, Boylan chuckled when first mentioning Chertoff's name. He accused the government of picking on McCann, "this minor player on life's stage."

His one clear argument painted the case as a civil matter that could have been — but was not — pursued by the Florida savings and loan that the

government contends McCann defrauded.

McCann, his eyes open wide and forehead wrinkled in concentration, stared at Chertoff as he questioned witness Gennaro D'Amore, who testified that McCann would not account for the money he spent from the savings and loan.

In a brief moment of levity, McCann broke out of his trance to wave and smile at the court

artist staring at his face through her binoculars.

About a dozen members of the press chased McCann across the railroad tracks and down State Street on his lunch hour. But two of his critics, Michael Ziruolo and John Guerra, walked slowly behind the pack.

"I want to see McCann get justice," said Guerra. "That's what I want to see."

McCann's parents would likely agree.

McCann 'greed' hit in opening remarks

Continued from Page 1

P. Boylan, told the jury that McCann was the target of prosecutors' "concentrated venom." He called the case nothing more than "gussied-up civil charges" that banking regulators deemed unworthy of a lawsuit. Boylan called McCann a "minor player on life's stage," and called the criminal charges a "vehicle to destroy a man and his career."

The government has charged McCann with defrauding a Southern Floridabanc subsidiary by secretly diverting most of its \$300,000 investment for personal use. Prosecutors say he evaded payment of income taxes on the stolen money and lied to the IRS to hide the tax evasion. None of the allegations involves misconduct in office.

Chertoff said McCann pulled off his scheme by misleading Southern Floridabanc officials about his misappropriation of the thrift's investment.

"He told them half truths, he told them untruths, or he just stonewalled them," Chertoff told the jury.

McCann, he continued, made "false statement after false statement to cover up the fraud," but was eventually "trapped" by inconsistencies in the "web of deception" he wove. After learning last year of the federal investigation that would lead to his indictment, Chertoff said, McCann had his accountant prepare false income tax returns.

"You'll hear from his accountant," he said, "and you'll see how Mr. McCann directed him to come up with phony numbers."

As Chertoff attacked his integrity, McCann stared intensely at the prosecutor. His parents, other relatives and City Hall aides sat on benches behind him amid the reporters, federal agents and spectators who packed the courtroom.

McCann's attorney offered no defense for the tax charges, but told the jury there was no "fraudulent scheme."

"Nothing could be further from the truth" than Chertoff's "pithy, simplistic version of the facts," Boylan said.

Boylan suggested that McCann, his business partners and Southern Floridabanc Chairman Robert V. Gibbs planned their joint venture to pursue not just the failed Liberty State Park development, but projects in Hoboken, Plainfield and other communities.

"They're inner-city developers," Boylan said. "They're not just golf course or boat freaks."

Boylan did not say how plans to pursue other projects would explain McCann's personal use of the thrift's real estate investment. He acknowledged there was "no question there were all sorts of improvident" expenses, but told the jury its task was not to determine whether McCann properly spent money on items that "seem to excite Mr. Chertoff." That was a job for "accountants and the IRS," Boylan said.

After opening statements, the government's first witness was Peter L. Ylvisaker, president of the Liberty State Park Development Corp. He testified that McCann's joint venture with the thrift, Historic Equishares Inc., never submitted a proposal to build a hotel and recreation ventures in the park. McCann was president of Historic Equishares.

Another witness, Gennaro A. D'Amore, a former director of Southern Floridabanc, testified that McCann never informed the thrift that Historic Equishares missed the deadline for bidding on the park development.

"It should have been a very successful project," he said.

D'Amore also testified that McCann had no authorization from Southern Floridabanc to use the thrift's \$300,000 to pursue other investments or as compensation to himself and his partners.

The trial resumes this morning at 9:30 before U.S. District Judge John C. Lifland in Trenton.

Study expands possible cancer links

Continued from Page 1

around the facility said they feared the possible risks and, because of ongoing scientific research, urged the city Planning Board to delay a vote on the substation.

The board voted unanimously to give PSE&G the green light to build on some six acres owned by Congressman Frank Guarini of Jersey City.

As for possible cancer risks posed by appliances, "the main thing this study does is raise this issue. It requires more study," Peters said.

Because there are so many uncertainties, "it would be important for parents not to panic about these results," said Dr. Stephanie London, chief author of the study and a USC assistant professor of preventive medicine.

Nevertheless, Peters endorsed a concept called "prudent avoidance," which means reducing exposure to electromagnetic fields when it is cheap and easy. Some scientists have suggested avoiding electric blankets, moving clocks away from beds and sitting at least arm's length from

computer screens.

London said the strength of EMFs drops rapidly with distance from appliances. So standing back from appliances can reduce any potential hazard, although that isn't possible with appliances such as electric blankets and hair dryers. Some electric blanket makers are now making low-field blankets.

The study's main conclusions, released and widely publicized in February, tied increased leukemia risk to children's proximity to power lines and their use of hair dryers and black-and-white television sets.

The final report, released yesterday, also hints children might face an increased risk of leukemia if they regularly use electric blankets, curling irons, electric clocks with dials, video games and electric space heaters, Peters said.

The links between leukemia and appliance use were statistically significant only for hair dryers and black-and-white televisions. Peters said that means the connection between cancer and other appliances is

inconclusive but requires more study.

London said parents of sick children may be more likely to remember and blame their children's use of appliances.

"This could theoretically make it look like these appliances are a cause of leukemia when they are not," she said.

The study was published this month in the American Journal of Epidemiology. It compared 232 Los Angeles County children who got leukemia by age 11 and 232 who did not, and adjusted the results to account for other factors that might raise the risk of cancer.

The study was financed by the Electric Power Research Institute, the Palo Alto-based research arm of the nation's private utilities.

Mary Gillespie, a spokeswoman for the Association of Home Appliance Manufacturers, said the group couldn't comment on the study "until we see the results."

A call to the Electronics Industries Association, which represents television and con-



Dr. John Peters Discusses study

sumer electronics manufacturers, wasn't returned immediately.

Kathy Gilmour, spokeswoman for the Video Software Dealers Association, said the group would be interested in seeing the study but "can't comment at all on the validity of it."

The link between EMFs and cancer has been strongest in studies of childhood leukemia, but other studies have suggested the fields raise the risk of tumors and other cancers in utility and phone workers.

Six agents keeping tabs

Continued from Page 1

cala meeting with two other reputed mob associates at a Bayonne restaurant.

Dugan identified the other two individuals as George Weingartner, a reputed associate of the late John DiGilio, and Joseph V. Lo Re, a hiring agent who works for a Jersey City stevedoring concern in Bayonne.

Lenahan identified 29 people in an affidavit submitted to the court last month as either members of organized crime, organized crime associates, or people who have possible links to such individuals.

Among those identified in the affidavit was Aladena Fratianno, also known as Jimmy "The Weasel" Fratianno, a "self-admitted" member of the mob.

Reach for the Stars!

SAINT PETER'S COLLEGE OPEN HOUSE

Sunday, November 24, 1991

12 noon to 4 pm

Dr. William Gutsch has explored worlds some only dream about. He's researched astrophysics for NASA. He's been nominated for an Emmy as Science Editor and Forecast Meteorologist at WABC-TV. He's directed Gregory Peck, Burt Lancaster, and Charlton Heston in children's television productions. Today, he is chairman of the prestigious Hayden Planetarium — the largest institution of its kind in the world.

On Sunday, November 24 from 12 noon to 4 pm you are invited to meet Dr. Bill Gutsch and hear first hand how his successful career began with an excellent education at Saint Peter's.

Discover how Saint Peter's can help you reach for the stars. Learn about our 33 programs of study, financial aid, student housing and our nationally-recognized co-operative education program.

Also, ask us about January enrollment! To make reservations call (201) 915-9213. Seating is limited so don't delay.



Dr. William Gutsch, a Saint Peter's College graduate and Chairman of the Hayden Planetarium, will be the featured speaker at the Saint Peter's College Open House on Sunday, November 24.

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Abortion gag rule survives override

Continued from Page 1

provision that would block for one year the Bush administration's rule banning abortion counseling at federally supported family planning clinics.

That provision has been attacked as a "gag rule" by critics who say it shackles doctors and prevents pregnant women from obtaining information pertinent to their right of choice.

In vetoing the bill, Bush contended he was not trying to restrict counseling for pregnant women.

He pointed to a memo he sent to Louis Sullivan, the secretary of Health and Human Services, which he said "makes clear that there is no 'gag rule' to interfere with the doctor-patient relationship. I have directed that in implementing these regulations, nothing prevents a woman from receiving complete medical information about her condition from a physician."

White House press secretary Marlin Fitzwater said, "We're pleased that the Congress has sustained the president's veto and urge them to send the appropriations bill back down to us without the prohibition on HHS regulations."

"We would like to be able to sign the appropriations bill as soon as possible. This one provision was the cause of the veto in the first place," said Fitzwater.

Fitzwater said the veto was "not a political decision. It's one based on the president's principles and beliefs. ... He'll continue to hold that position."

Supporters did not have the two-thirds override strength in the last House vote on the measure, either — when it was approved 272-156.

The bill had cleared the Senate 72-25, more than the two-thirds veto-proof majority, earlier this month.

"The president ought to feel pretty good about this," said Rep. Vin Weber, R-Minn., a leading anti-abortion lawmaker. "This was an issue where it was very hard for us to demand party loyalty. ... This was a tough one."

Fifty-three Republicans and one independent joined 222 Democrats in voting to override the president. Forty-three Democrats voted with 113 Republicans to sustain.

"What happened was the White House worked very, very hard," said Rep. Steny Hoyer, D-Md., chairman of the House Democratic Caucus. "I think the president loses on this. I don't think the American public agrees with him."

Democrats denounced Bush's veto in strong terms and said that in vetoing the measure, Bush was jeopardizing the bill's spending for major

health and education programs. Rep. Vic Fazio, D-Calif., called the veto "disgusting," and other Democrats used similar language.

"This is an absolute outrage," said Rep. Patricia Schroeder, D-Colo. "Anyone who does not vote to override is saying to American women, we don't think you're adult enough to have your options explained to you ... by a doctor or a nurse."

Bush's ban on abortion counseling had the strong backing of anti-abortion leaders. Though lacking majority support in both the House and Senate, they had relied on Bush's veto and his perfect record of sustaining those vetoes.

Rep. Chris Smith, R-N.J., accused Democrats of pressuring anti-abortion lawmakers to switch their votes to overturn the gag rule.

"You are being pressured by the pro-abortionists today to do something you believe to be ethically wrong. You are being pressured to facilitate abortion by overriding this vote," Smith said.

The issue triggered deeply emotional debate. Advocates of the rule said abortion itself was at issue, while opponents said Bush's policy injects the government into doctor-patient relationships and threatens freedom of speech.

"Make no mistake about it: the failure to override will not be forgotten by the women of this country," said a Republican congresswoman, Olympia Snowe of Maine. "No male patient is affected by this gag rule. You are creating a situation for women only."

House Republican Leader Bob Michel, R-Ind., tried to move the debate off the abortion issue in urging that Bush's veto be sustained for other reasons. He noted that Bush also raised objections in his veto message to a budget provision that delays \$4 billion in spending until the next fiscal year.

But other Republicans said there was no mistaking the issue.

"This vote is not about education ... cancer research or job training," said Weber. "This bill is not about gagging anybody ... What this bill is about is abortion."

Weber said the gag rule was needed to separate family planning clinics from abortion services, and blocking the ban would result in a "nationwide system of taxpayer-financed abortion referral centers."

The abortion counseling ban was imposed by the Reagan administration in 1988 and continued by the Bush administration. It was propelled into the congressional wars over abortion in May when the Supreme Court upheld it.

Mothers of the bride, groom clash on 'Different World' Page 24



■ **Deli owner, former teacher indicted on murder conspiracy charges Page 2**
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Richer hat trick keys Devils' OT victory Page 29



THE JERSEY JOURNAL

125th Year — No. 172 ★ ***

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Prosecution fails to get the fax

McCann accused of using mayoral perks

By Michael Finnegan
Journal staff writer

TRENTON — Prosecutors in the bank fraud trial of Jersey City Mayor Gerald McCann failed to persuade a judge yesterday to confiscate defense records to probe whether McCann misused his public office to prepare for the trial.

As evidence of possible wrongdoing, U.S. Attorney Michael Chertoff cited a defense trial document with markings

that show it was faxed from McCann's City Hall office.

Chertoff asked U.S. District Judge John C. Lifland to have the document and a computer printout taken from McCann's attorney and held by a court clerk, "quite frankly for further investigation," saying the records "could constitute evidence in a separate matter."

"I can't help but observe the

presence of various Jersey City employees here," Chertoff told the judge, pointing to a handful of McCann aides in the courtroom. Property of Jersey City, he added, cannot be used for McCann's "private pursuit of his defense of his criminal case."

But McCann's attorney, Matthew P. Boylan, called the prosecutor's confiscation request frivolous, and the judge

refused to grant it.

"If Mr. Chertoff wishes to have his office pursue the matter with respect to the faxing of a document, that's really up to him," Lifland said. "But I don't see the need to sequester these documents."

The exchange took place outside the jury's presence.

McCann acknowledged later that he used fax and photocopy

machines at City Hall to prepare his defense. But "just to cover myself," he said, his defense fund reimbursed the city with about three checks totaling "thousands of dollars," well above the actual \$100 or \$200 worth of the city services used.

"Everything was above board," McCann said. "Nothing was improper."

He said he set up the defense fund because there was "no

See PROSECUTOR — Page 4

Trial Highlights



- Prosecutors say McCann improperly used his position as mayor to help prepare his defense.
- McCann acknowledged using a City Hall fax machine, copier and phone, but said he reimbursed the city with money from a defense fund.
- A former Floridabanc official said the S&L wouldn't have approved McCann's private use of its money if he had notified the thrift in advance.

Turning disappointment into a charitable act



Journal photo by Don McCoy

Phil Clavin, operation supervisor for Red & Tan Tours, Jersey City, serves chicken marsala to women and children at the Anthony House shelter. Clavin donated 100 meals to the shelter after a senior citizens dinner and comedy show had to be cancelled. Story on page 4.

Next-to-last drug suspect nabbed by cops

Only one out of a dozen suspects still at large after 'buy and bust'

By Steven Kalcanides
Journal staff writer

With the arrest in Bayonne of a 19-year-old man, only one suspect remains at large of 12 people charged with selling drugs to undercover police officers.

Saladine Menlik Blunt of Jersey City, was arrested Tuesday night on 29th Street and Broadway on an outstanding warrant by Detectives Mark Smith and William Wagner.

Earlier this month, narcotics Detective Wayne Grapstul arrested Shon Dontay Andrews, 18, who listed his address as the Pamrapo Gardens complex, on a similar outstanding warrant, police said.

The arrests of Blunt and Andrews bring to 11 the total number of suspected drug dealers rounded up by the Police Department since Sept. 5, when a dozen warrants were issued.

Police said the remaining suspect, identified as Andre Ingram, also of the Pamrapo

Gardens housing complex, is believed to have left the state.

"Through his attorney, we are currently negotiating his surrender," said Lt. Joseph Hojnacki, commander of the Narcotics Division, who took part in the arrest raids in September.

Meanwhile, the Sept. 5 arrest raids have resulted in 11 additional arrests from information developed during the busts, said Hojnacki.

The ninth person arrested as a result of the arrest warrants was Norman Donell Mumford, 22, of Kill Van Kull Gardens, who turned himself in to police Sept. 10.

Mumford, called a "major drug dealer" by Chief James Sisk, had turned himself in just six days after police had planned to arrest him at a public housing complex on two counts of selling drugs to an undercover police officer.

An arrest warrant has been out for Mumford since Sept. 5,

See NEXT — Page 4

Blaze claims the life of Union City visitor

By Greg Wilson
Journal staff writer

UNION CITY — A two-alarm fire in an apartment house claimed the life of a man visiting from Pittsburgh and left seven firefighters here injured yesterday morning.

A smoldering cigarette may

have ignited the blaze, which was first reported at 4:28 a.m., authorities said.

The fire was especially dangerous because metal ceilings trapped intense heat inside the six-unit yellow brick building, according to officials. The flames gutted a third-floor apartment where investigators believe it started.

"It was like fighting a fire in a tin can. The heat was unbelievable and there was no way for it to escape."

Robert Cabral
Deputy Fire Chief

Chris White, 24, was dead on arrival at St. Mary Hospital at approximately 4:45 a.m. White

See TWO — Page 4

Court orders higher rates for high risk driver pool

By Thomas Martello
Associated Press writer

TRENTON — In a move that could mean higher insurance costs for hundreds of thousands of motorists, a state appeals court yesterday ordered Insurance Commissioner Samuel Fortunato to set new rates for motorists in the state's high risk driver pool.

Fortunato said he would abide by the court ruling, but a spokesman would not discuss the possible size of the increases.

The decision concludes that rates in the Market Transition Facility may be too low, and that Fortunato must act swiftly to avoid piling up a big deficit that could hurt motorists in the long run.

"It may not be possible to make definitive judgments about the MTF's predicted losses, but there are enough indications to require the commissioner's immediate action," the decision reads. "The commissioner must act speedily."

The ruling was hailed by the insurance industry, which has charged that the state-mandated rates for motorists in the pool were far too low.

The Market Transition Facility is a temporary pool set up under Gov. Jim Florio's auto insurance reforms. It replaced an old high risk pool called the Joint Underwriting Association that had piled up more than \$3 billion in debt and covered more than half of the state's motorists, including good

See HIGH — Page 4

IRS agent indicted on income tax raps

By Stan H. Eason
Journal staff writer

NEWARK — A former Internal Revenue Service agent and Jersey City resident was indicted yesterday by a federal grand jury on charges of submitting false documents.

Darius Taylor, 32, faces 15 years in prison and \$750,000 in fines if convicted on three counts of submitting false documents during an IRS audit in 1987 of his 1984 tax return, said U.S. Attorney Michael Chertoff.

Taylor was indicted by a

grand jury sitting in Newark.

The case is being handled for the government by Assistant U.S. Attorney Donna D. Galluccio of the U.S. Attorney's Criminal Division in Newark, Chertoff said.

Taylor is charged with submitting to the IRS photocopies of an altered and false police report, insurance application and loan agreement in order to justify a false casualty and theft loss deduction of \$9,963 that he claimed in his 1984 tax return,

See GRAND — Page 4

Inside

WEATHER:



Today: Cloudy with showers likely, highs in 60s
 Tonight: Cloudy with showers likely, lows in 50s
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Kidnapped man stabbed three times

By Stan H. Eason
Journal staff writer

A North Bergen man was in stable condition last night after being stabbed by a man who

kidnapped him at knifepoint and forced him into his own car in Jersey City.

Michael Wiercinski, 26, of North Bergen, sustained his injuries while fighting off his attacker, according to authorities.

His attacker stabbed Wiercinski three times in the right side at about 10 a.m. outside a Jersey City firehouse where Wiercinski had sought assistance, police said.

Firefighters at Engine Company 22 at Ocean Avenue and Dwight Street, assisted Wiercinski in escaping his captor and rushed him to surgery.

Firefighter Ray Nickerson, 34, was stabbed in the hand during the struggle, police said. Nickerson was treated at the Jersey City Medical Center for a laceration from what police said was a butcher's knife. He was placed off duty, a fire

See ASSAILANT — Page 4

Special for seniors

■ A new weekly section of news and photos just for senior citizens debuts today. Pages 19-21

Prosecutor fails to get McCann fax for further probe

Continued from Page 1

way" to pay his legal bills on his \$62,000 annual salary. The fund collected contributions from "all different people," but McCann said he was unsure whether any donors were city vendors. He described the manager of the fund as a "hot-shot" Newark lawyer whose name he could not recall.

Boylan called Chertoff's remarks "the silliest thing I've ever heard."

"God almighty, that's petty," he said. "Beyond belief."

He said he did not expect any investigation to take place. A mayor's use of municipal property to prepare his defense in a criminal trial "is probably legal if it doesn't exceed any substantial amount of money," Boylan said.

Two-alarm fire claims Union City guest's life

Continued from Page 1

was visiting third-floor tenant Michael Perone, according to Deputy Chief Robert Cabral. Perone escaped injury.

No other residents of the building, at 512 26th St., were hurt.

Fire Chief Thomas Tormey said the building had no outstanding fire code violations. Although officials said the fire did not appear suspicious, arson investigators from the Police Department are investigating.

The second alarm went out at 4:31 a.m., and 24 firefighters from Union City and Weehawken extinguished the blaze at 5:21 a.m. Cabral said most of the injuries to firefighters were minor, although firefighter Gary Mureo was treated and released from St. Francis Hospital for second degree burns to his face.

"It was like fighting a fire in a tin can," said Cabral, referring to the metal ceilings. "The heat was unbelievable and there was no way for it to escape."

Cabral said he would recommend citations for Eric Winters and Capt. Ernest Wunder and Paul Peters, who braved the heat to retrieve White's body and attempted to revive him until EMS workers arrived.

Grand jury indicts ex-IRS agent

Continued from Page 1

Chertoff said.

Taylor is expected to surrender at his arraignment within the next two weeks before the U.S. District judge assigned to the case, Chertoff said.

Credited for their investigative efforts were special agents of the IRS of the Criminal Investigation Division under the direction of Chief Edward J. Litchko.

Although indicted, Taylor is not considered guilty and will be tried at a later date.

In the second day of testimony at McCann's trial, two government witnesses bolstered the prosecution's allegation that McCann swindled a Southern Floridabanc Savings Association out of its \$300,000 investment in a Jersey City waterfront development proposal. The allegations do not involve misconduct in office.

Gennaro A. D'Amore, former vice chairman of the defunct Boca Raton thrift, testified that McCann never told the savings and loan that he used some of its investment to buy furs and lease a Mercedes-Benz. The thrift would never have approved such use of its money, which McCann was authorized to spend solely to prepare a proposal to build a hotel and marina at Liberty State Park, D'Amore told the jury.

When Chertoff asked D'Amore whether Southern Floridabanc would have approved McCann's \$15,000 purchase of rare stamps and coins, the witness replied, "Absolutely not."

D'Amore also testified that he repeatedly tried to get McCann to explain how he was spending the \$300,000, but McCann failed to provide a full accounting.

And McCann never obtained the required approval from the thrift to draw salaries for himself and his business partners from his joint venture with the thrift, Historic Equishares Inc. McCann was president of Historic Equishares.

Another witness, Sander Mednick, an attorney for Southern Floridabanc, testified that the thrift expected "to exert total control" over the \$300,000 it invested in the joint venture.

Prosecutors say McCann defrauded Southern Floridabanc out of its investment by hiding from the thrift his failure to bid on the Liberty State Park project, so he could squander the money and live "high on the hog."

In cross-examination of D'Amore, Boylan posed sharp questions aimed at getting the witness to say Historic Equishares was designed to pursue projects other than Liberty State Park. But D'Amore insisted it was the only development that Southern Floridabanc authorized Historic Equishares to pursue.

And Mednick testified that the Liberty State Park project was "absolutely" the only one the thrift planned for Historic Equishares.

High risk driver pool due for higher insurance rates

Continued from Page 1

drivers.

The court noted that two reports by respected insurance consultants — one commissioned by the state, and another by the insurance industry — said rates should be increased by at least 58 percent.

Fortunato in May approved an average 18.6 percent rate increase for the high risk driver pool, drawing widespread criticism from the industry. The money expected to be generated by the increase — about \$186 million over the next year — was only about one-

third what the two actuarial studies said the MTF needed to be self-sustaining.

The MTF includes about 1 million motorists, but state officials are working to cut that number in half by forcing insurers to cover the better drivers in the voluntary market. The May increase affected only drivers who had at least one point on their records because of violations or at fault accidents, representing about 40 percent of the MTF.

State officials would not talk Wednesday about potential rate increases, saying they needed to study the opinion. Jim Berzok, spokesman for Fortunato,

said the state is not expected to appeal the ruling and would abide by the decision.

The decision was made following a complaint by the Allstate Insurance Co., which said Fortunato had denied it a role in setting rates. Allstate, the state's largest auto insurer, is planning to leave the state, claiming it can't make a profit in New Jersey.

Sheila Breeding, spokeswoman for Allstate, charged that Fortunato set the rates based on political considerations. Lower auto insurance costs have been pitched as a big accomplishment of the Florio administration.

Shelters given free meals

When a last-minute cancellation rang down the curtain of a comedy show and dinner for senior citizens, a Jersey City bus company quickly turned it into a pre-Thanksgiving dinner for residents at two shelters for homeless women and children in Jersey City.

Red and Tan Tours has been producing and promoting a series of comedy shows for groups of senior citizens, but was forced to cancel last night's show in East Hanover.

Rather than cancel the meals, Red and Tan's John Kiely, director of sales and marketing, and Phil Clavin, operation supervisor, decided to donate the 100 meals to a worthy cause.

They contacted Jersey City Councilman Joseph Rakowski, who recommended Anthony House, at 246 2nd St.

At 11:30 a.m. yesterday, Kiely and Clavin with a bus brought 100 fully prepared chicken marsala dinners complete with pasta and sauce, a full tossed salad and chocolate mousse cups with custard.

"We enjoyed the meals," said Tamara Williams, coordinator for Anthony House. The Franciska Residence, 615 Grove St. also received meals. Both are under the umbrella of St. Lucy's homeless program.

Assailant kidnaps, stabs man in own car

Continued from Page 1

spokesman said. The assailant escaped from the firefighters who intervened, police said.

Wiercinski last night remained in the surgical Intensive Care Unit at the Medical Center, police said.

The knife used in the attack, wooden-handled with a five-inch blade, was recovered at the scene, police said.

As Wiercinski left Robert's Pawn Shop on Forrest Street and Martin Luther King Drive in the Bergen-Lafayette section of Jersey City, his assailant approached him with a knife and forced him into the auto, police said.

The kidnapper ordered Wiercinski to drive him to Ocean Avenue. When Wiercinski noticed firefighters outside of a station house, he pulled into the driveway.

His attacker stabbed him in the side as Wiercinski attempted to fight him off, police said.

Seven firefighters got involved in the scuffle and temporarily detained the man. But the man slipped out of his shirt and fled, police said.

The suspect is described as dark-skinned, 6-foot 2-inches, in his early 20s with a thin build and short facial hair, police said.

Next-to-last suspect nabbed in drug case

Continued from Page 1

when a joint investigation by the Hudson County Prosecutor's Office and the Bayonne Police resulted in the arrests of eight suspected drug dealers.

Of the eight people arrested Sept. 5, six had listed addresses at two Bayonne Housing Authority complexes, but a check with the BHA at the time revealed that only two of the six were legal tenants.

Arrested Sept. 5 were: Donell Williams, 18; Michael Baskerville, 27; Harry Leon McDowell, 33; George Porch, 33; Gary Porch, 37; David Williams, 23, and Eileen Lenahan, 24, all of Bayonne, and Kevin L. Robinson, 21, of Jersey City.

Undercover county police officers had purchased more than 100 vials of "crack" cocaine or cocaine from the suspected drug dealers over a six-week period prior to the raids, police had said.

"We intend to continue the 'buy and bust' program, and we expect to be making additional arrests for sale of narcotics," Sisk said yesterday.

"Some of these people have been out on bail and some are still in jail," Hojnacki said yesterday. "But the Bayonne police are still anticipating getting to court so that we can present our case."

The Police Department wants to secure heavier penalties against the drug suspects by demonstrating to the court that the individuals arrested are career criminals, said police.

"Because we arrested them, they're more careful of getting caught, and with the advent of the housing patrols, it's stymied them," he said. "They're in other areas now."

Residents who want to report suspected drug dealers should call the Police Department's main switchboard at 858-6900, or the narcotics office at 858-6931. Calls can be kept confidential.

Rehiring cops faces delay after state aid shortfall

Plans to rehire 50 laid-off business administrator has recommended that the rehiring be deferred because of an expected state aid shortfall.

Reports that the state's \$2 billion deficit will put municipal aid in serious jeopardy over the next few years has prompted Business Administrator Fred Tomkins to suggest various cuts in the proposed 1991-92 municipal budget.

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Jersey City brothers usher in a new rap age
See Tempo



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■ **Staten Island youth, 18, kills one teen-ager and wounds two others** Page 7

Cavs rally as New Jersey Nets squander lead Page 29



THE JERSEY JOURNAL

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Trial Highlights



• A Floridabanc attorney said the thrift's files were "totally devoid of information" to explain how McCann spent the S&L's money, and McCann refused to provide an accounting.
• Thomas Kranz, a financial consultant to federal banking regulators, testified McCann dodged Floridabanc's audit attempts for months, saying he was too busy.

By Michael Finnegan
Journal staff writer

TRENTON — Jersey City Mayor Gerald McCann dodged repeated attempts by a Florida savings and loan to get an explanation for how he spent the thrift's \$300,000 investment in a land development deal, witnesses testified yesterday at his bank fraud trial.

Where's bank's money, Gerry?

Lawyer, auditor testify they got no answers

Over and over, McCann promised to tell Southern Floridabanc Savings Association what happened to its money, but month after month he gave them no information, the prosecution witnesses told the jury.

McCann's alleged evasion of the Boca Raton thrift's inquiries

occurred at a time when prosecutors say he was secretly siphoning \$20,000 a month out of its investment for his private use.

Southern Floridabanc put its \$300,000 in the New Jersey bank account of Historic Equishares Inc., the thrift's joint venture

with McCann and his two partners, William Goble, now a city engineer, and Thomas Golodik, now a City Hall administrator. As president of Historic Equishares, McCann managed the investment.

Southern Floridabanc expected the McCann group to

use the money to prepare a proposal to build a hotel and marina in Liberty State Park, an attorney for the thrift, Sander Mednick, told the jury. In fact, Mednick testified, the McCann group missed the August 1986 deadline to bid on the development, and thwarted Southern Floridabanc's attempts to mon-

See **LAWYER** — Page 14

Mom, two kids dead in fire



Jersey City firefighters battle a two-alarm blaze yesterday evening at 3198 Kennedy Boulevard in the Sparrow Hill section where a woman and two of her children died.

Police catch toddler, 2, after he falls 3 stories

By Stan H. Eason
Journal staff writer

A Jersey City woman plunged to her death yesterday evening in an attempt to escape the flames that ended up killing two of her young children. Two off-duty police officers managed to catch her toddler son when he fell from the same third-floor window, injuring themselves in the effort.

What firefighters described as "hellacious columns of flames" led 29-year-old Shilerz Bowen to jump from the window of her apartment at 3198 Kennedy Blvd. in the Sparrow Hill neighborhood of the Heights. Her two children, Selena, 8, and David, 4, were found dead at the foot of the window from which their mother had plunged just moments

before the first fire engine company arrived.

The toddler, 2-year-old Devon, was hanging from the window sill when the two off-duty police officers arrived.

When he fell, the police officers had positioned themselves to catch him. He had been burned before he fell and had to be flown by helicopter to St. Barnabas Burn Center in Livingston. Last night he was reported in serious condition, according to a Jersey City Medical Center spokesman.

"When we arrived, she had already jumped and we understand that the child was hanging there before falling."

Martin McNulty
Deputy Battalion Chief

Patrolman Ralph Valez, who caught Devon, is in stable condition at the Jersey City Medical Center with contusions to the neck and head. The impact of the child falling three stories was severe enough to knock the two officers backward and to the ground.

Patrolman Steve Wilson,

See **MOM** — Page 4

AIDS testing urged for all sexually active

By Darlene Superville
Associated Press writer

TRENTON — Sexually active New Jerseyans should test for the AIDS virus because it is spreading quickly among heterosexuals, Health Commissioner Dr. Frances J. Dunston said yesterday.

Dunston described the new policy, with its emphasis on confidential testing, as a "major change" in the state's testing program for the human immunodeficiency virus (HIV) that

causes AIDS.

"Heterosexual transmission is increasing and it's not related to the customary risk behaviors," Dunston said at a news conference. "Sexual activity in and of itself puts an individual at risk for HIV infection."

Previous AIDS testing policy stressed testing for people at an increased risk of becoming infected — homosexuals and intravenous drug users.

But Dunston is now urging

See **SEXUALLY** — Page 14



Dr. Frances Dunston
Health Commission

Recycling would create jobs

By Steven Kalcanides
Journal staff writer

Hudson County communities have the right stuff — namely location and access to recyclable materials — to draw manufacturers to the area and create new jobs and tax bases. That's what a recycling expert told Bayonne officials yesterday.

Plus for manufacturers, council told

Neil Seldman, co-founder and president of the Washington, D.C.-based Institute for Local Self-Reliance, told the Bayonne City Council and a group of high school students that recycling can translate into new job outlets.

Hudson County is in an ideal position because it has access to

a large amount of recyclables and is in the middle of the second-largest market in the country, said Seldman, who is a former college professor.

By attracting a manufacturer to the county to turn raw, recycled materials into finished

See **RECYCLING** — Page 4

Four charged with selling guns

By John Petrick
Journal staff writer

Federal authorities yesterday charged three Jersey City residents and a West Paterson man with being members of the violent Born to Kill Vietnamese street gang which illegally distributed firearms locally and transported them between states.

Born to Kill gang under indictment

The indictment, handed up by a Newark federal grand jury yesterday, charges Steven Wu, 19, of Van Winkle Avenue, with five firearms counts. He faces a maximum of 35 years in jail and \$1.25 million in fines if convicted on all counts.

Tom Nguyen, 20, of Glenwood Avenue, was charged with three firearms counts in the indictment. He faces a maximum of 45 years in jail and \$750,000 in fines.

The indictment also charges Tuan Quoc Tran, of Harrison Avenue, with three firearms counts. He faces 35 years in

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GOP now in disarray with Bush floundering

By Michael Shanahan
Newhouse News Service

WASHINGTON — President Bush's abrupt and awkward reinstatement of minority hiring preferences is only the latest symptom of an administration in deep disarray and uncertain how to regain political momentum in the midst of the recession.

Under increasing pressure from the right wing of the Republican Party and fearful of the potent political impact of David Duke, the White House is

Analysis

Rights bill signed, Page 10

deeply divided over how to help the president regain his footing as the 1992 campaign gets under way.

"My impression is this is a White House out of control," said David Bositis, a senior researcher on minority issues at the Joint Center for Political Studies.

See **GOP** — Page 4

Lawyer, auditor say McCann evaded questions about \$300G investment

Continued from Page 1

itor the project. "Our files were totally devoid of information" on the fate of the investment, Mednick said. Gennaro A. D'Amore, the thrift's vice chairman, got nowhere in his "dogged" attempt to get a financial accounting of the investment, Mednick testified.

"He expressed his frustration to me on several occasions," Mednick said.

Mednick testified that on D'Amore's orders, he mailed a certified letter to McCann in February 1987, demanding an accounting, but received no information in response. Mednick said he also tried to persuade Golodick to produce the information, but to no avail.

To this day, Mednick testified, "I have no idea" what happened to the \$300,000. "Nobody at the bank, nor do I know," he said.

Prosecutors say McCann defaulted Southern Floridabanc by using most of the investment for personal pleasure, including the lease of a Mercedes-Benz and purchase of \$7,000 in tickets for sporting events and a \$15,000 collection of rare stamps and coins.

By April 1987, when federal banking regulators seized South-

ern Floridabanc, McCann still had provided no accounting of the investment, according to Mednick.

After the takeover, the regulators hired Landmark Asset Management Group of New Orleans to manage Southern Floridabanc's real estate investments.

Thomas E. Kranz testified yesterday that he was the Landmark auditor in charge of figuring out what happened to the Historic Equishares project and recouping as much of the \$300,000 as possible.

With Southern Floridabanc in the government's hands, taxpayers would have to pick up the loss for any unrecovered money.

Kranz said that to learn what happened to the investment, Kranz and two Southern Floridabanc attorneys, Christopher Currin and Mednick, met with McCann on June 5, 1986, in McCann's office at 253 Academy St., Jersey City. Also at the meeting were Golodick and Goble.

Kranz and the thrift attorneys told the McCann group that they wanted to dissolve Historic Equishares, audit and close its books, have a corporate tax return filed, and transfer whatever funds remained back to

Southern Floridabanc, Kranz told the jury.

Kranz said he asked McCann to explain the business of Historic Equishares. McCann admitted the corporation had missed the deadline to bid on the hotel and marina in Liberty State Park, Kranz said.

McCann also explained that he had "taken it upon himself" to explore other deals, writing up "a little proposal" on each one for former Southern Floridabanc chairman Robert V. Gibbs, who rejected them all, Kranz said.

The proposals included a sports complex in Scranton, Pa., and a diner in Jersey City, as well as offices, condominiums and a water slide.

D'Amore and Mednick have testified that Historic Equishares was strictly limited by Southern Floridabanc to preparing the Liberty State Park proposal.

Kranz said that at the meeting, McCann said nothing of the salaries that — according to the government — he, Golodick and Goble had taken from Historic Equishares. D'Amore has testified that Southern Floridabanc did not authorize the salaries.

Kranz said he asked McCann for canceled checks, bank statements and documents on the Liberty State Park project. McCann told him the records were "scattered throughout the office" and could not be gathered that day, but that he would "gladly" furnish them within a week.

McCann suggested that he should be the one to dissolve Historic Equishares and prepare the final audit and tax return, but Kranz said he wanted an outside accounting firm to do the work. When McCann said the corporation did not have enough money left to hire an

outside firm, Kranz told him Southern Floridabanc would pay, he testified.

About a month after the meeting, Kranz called McCann to set up an appointment for accountants to review Historic Equishares' books, but McCann said he was too busy to gather the necessary documents, Kranz testified.

Another month went by, and again McCann claimed he was too busy, Kranz said. McCann eventually stopped taking Kranz's calls and failed to return messages, Kranz said.

Finally, when Kranz called in January 1988, the Historic Equishares phone was disconnected, he said.

After getting another number for McCann from directory assistance, he dialed it and McCann answered, he said. Asked by U.S. Attorney Michael Chertoff to describe McCann's reaction, Kranz responded, "It was shock. Surprise."

Again, McCann said he was too busy "doing some IRS work" to set up an audit appointment. McCann, who is a certified accountant, told Kranz he would call back the first week of February, but never did, Kranz said.

"When I hung up," Kranz testified, "I basically knew in my mind that I would never see the documents."

Landmark hired a private investigation agency, Miliken & Michaels, to learn what happened to the Historic Equishares investment, but had no success.

McCann's attorney, Matthew P. Boylan, asked Kranz why Southern Floridabanc did not sue McCann and his partners.

"In my opinion, we didn't have any sufficient documentation to pursue any action," Kranz replied. "We had no basis to pursue this matter further."



Journal photo by Larry Cutchall
Jersey City Mayor Gerald McCann and his defense attorney Matthew Boylan walk near the federal court in Trenton where McCann is being tried on bank fraud charges.

Sexually active people urged to test for HIV

Continued from Page 1

all sexually active individuals to submit to voluntary, confidential HIV testing, with written consent from the person being tested.

"Heterosexual contact cases of HIV are the single-fastest growing category of new cases now being reported in New Jersey," Dunston said. "This fact... has convinced us that we must intensify the state's HIV testing."

New Jersey is fifth in the nation in the number of reported AIDS cases, with 11,756 on record as of Aug. 31. The department estimates that as many as 40,000 sexually active heterosexual residents are unaware

that they are HIV-infected.

Since the AIDS epidemic began in 1981 through 1987, AIDS cases among heterosexuals accounted for 7 percent of the state total.

During the past four years, the heterosexual component has grown to 11 percent. Nineteen percent of the 4,100 positive cases reported since Jan. 1 were as a result of heterosexual contact, she said.

The department offers anonymous testing, but in October adopted regulations that require doctors to report the name and address of anyone who tests HIV-positive to a confidential registry at the Department of Health.

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PUBLIC NOTICE

The next regular meeting of the North Hudson Community Action Corporation, Board of Directors will be held on:

DATE: NOVEMBER 25TH 1991
TIME: 7:00 P.M.
PLACE: SCHUETZEN PARK
3167 KENNEDY BLVD.
NORTH BERGEN, N.J. 07047
(CAPTAIN'S QUARTERS)

AGENDA: Pursuant to 7042-1 PL Act the Board Meetings are open to the general public.

For further information, contact the North Hudson Community Action Corporation, 507 26th Street, Union City, New Jersey (201) 866-2255

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**Real men
can wear
earrings
these days**
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**■ Afghanistan mother of three
becomes United States
citizen** Page 2
**■ Vietnam vets distributing
Thanksgiving baskets
throughout county** Page 2

**Knicks road
show shifts
into high gear
with win**
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THE JERSEY JOURNAL

125th Year — No. 174 ★ ***

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Trial Highlights



• A \$20,000 check that prosecutors say McCann obtained by lying on his loan application ended up in the bank account of Joseph Healy, a state Superior Court judge and close friend of McCann.
• During a day of combative testimony, presiding Judge John C. Liffand called Healy "belligerent, to say the least." When prosecutors asked him if he had known McCann for many years, Healy responded: "Define many."

By Michael Finnegan
Journal staff writer

TRENTON — A \$20,000 check that Jersey City Mayor Gerald McCann is accused of obtaining through fraud wound up in the bank account of a state Superior Court judge, the judge testified yesterday.

Judge Joseph Healy, who was not a judge at the time, testified at McCann's bank fraud trial that the money was part of a down payment on a \$230,000

Presiding judge takes note of attitude at McCann trial

house in Rutherford that McCann and his wife bought in May 1986.

Healy was an attorney in private practice handling the property sale for the McCanns. Healy said he deposited the \$20,000 in his trust account and later forwarded it to the seller of the home.

Prosecutors say McCann was able to borrow the \$20,000 from Midlantic National Bank North because he lied on his loan application. Submission of the fraudulent loan application is one of the 16 crimes McCann is accused of committing.

There has been no evidence at the trial to suggest Healy

knew of any false statement on the loan application.

Healy's behavior on the witness stand, characterized by the presiding judge as "belligerent to say the least," produced the most dramatic testimony so far at McCann's trial in U.S. District Court in Trenton.

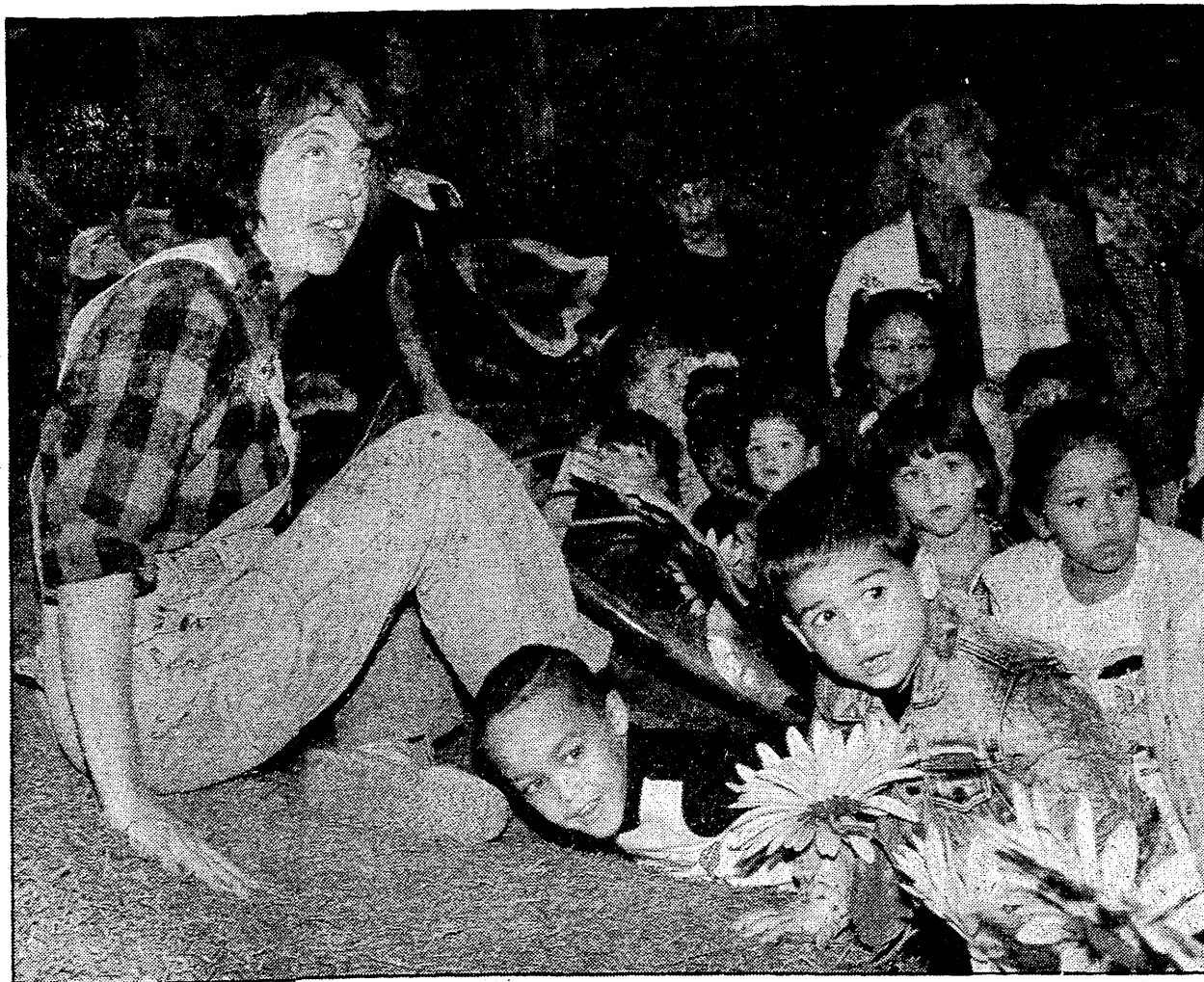
U.S. Attorney Michael Chertoff's first question was, "You are a close friend of Gerald McCann for many years, correct?"

See HEALY — Page 12



Joseph Healy
Judge takes stand

Wow! Look at that one



Journal photo by M. Kathleen Kelly

Sculptor Valerie Engstrom delivers a talk about the floats and giant balloons being prepared in Hoboken for the annual Macy's Thanksgiving Day Parade. Orlando Melendez, 4, and Steven Morales, 3, seems to have found something to hold their attention. Youngsters from the HOPES Head Start program got a pre-parade look at the attractions.

Firefighters ask state for arbitration aid

Union leaders say Bayonne refuses to budge on wages, working hours

By Peter Benedict
Journal staff writer

Citing disagreement with city officials over wages and working hours, the union representing Bayonne's firefighters has asked a state arbitrator to resolve stalled negotiations for a new contract.

Local 11 of the Firemen's Mutual Benevolent Association has filed for arbitration with the state Public Employees Relations Commission.

An official of the 120-member firefighters union said disagreements over salaries and work hours were at the root of the Nov. 15 filing with PERC. City officials would not discuss the negotiations.

"They didn't have anything new to present to us — it was at a stalemate," said John Lavarra, president of Local 11. "What they offered us was not in agreement with what we wanted."

"Let's just say money and hours of work" were the issues, Lavarra said.

The union filed for arbitration the same day a scheduled negotiating session was canceled by both the city and the union. Negotiations have been held over the last two months without an agreement, Lavarra said.

"If we couldn't come to an agreement, our lawyer recommended that we go to arbitration," he said. David Fox, of the Newark firm Fox & Fox, is representing Local 11.

According to PERC records, Local 11 has filed for arbitration only once before, in November 1990.

Bayonne Business Administrator Philip Connelly said that last fall a settlement was reached before the union's filing for arbitration led to actual hearings with an arbitrator. The union and city settled on a one-year contract last fall. The prior contract had covered a three-year period.

The one-year contract, which expires Dec. 31, included a 9-percent raise for the union's

See FIREFIGHTERS — Page 4

Jail guards arraigned in beating of inmate

By Patricia Scott
Journal staff writer

Four Hudson County corrections officers were freed without bail yesterday after being arraigned in the severe beating

of an inmate who had been jailed in connection with the theft of one officer's car.

The beating occurred last summer and left inmate Charles McLean hospitalized for

See JAIL — Page 4

Co-founder of N.Y. Jets dies at 81

RUMSON (AP) — David A. "Sonny" Werblin, who helped bring credibility to the upstart American Football League and professional sports to New Jersey, died of a heart attack, his wife said yesterday.

Werblin died Thursday. He was 81.

He was a founding owner of the New York Jets, the first chairman of the agency that built the Meadowlands complex and chief executive officer of

See N.Y. — Page 4

Fire that killed 3 ruled accidental

By Stan H. Eason
Journal staff writer

The fire that sent a mother plunging to her death and killed two of her children Thursday evening in the Jersey City Heights was accidental, fire officials said yesterday, but they have yet to determine the cause.

A wall of fire blocked any exit for Schehusz Bowens, 27, and her three children from their tiny third-floor apartment at 3198 Kennedy Blvd. in the Sparrow Hill section, investigators said.

The fire started in one of the two bedrooms of the apartment and spread quickly, said Capt. William O'Brien of the Arson Squad.

"It appears the fire started in a second bedroom and there

were heating units there, but the fire wasn't caused by them," O'Brien said. "We definitely know what didn't cause it. There wasn't any evidence of a t.v. or any other appliance that may have caused it. We

"It appears the fire started in a second bedroom and there were heating units there, but the fire wasn't caused by them. We definitely know what didn't cause it. We just don't think it was suspicious."

Capt. William O'Brien
Arson Squad

just don't think it was suspicious."

The inferno took the lives of Bowens, who fell to her death from a third-story window, and two of her children — 5-year-old daughter Salina and 2-year-old son Deon — who were found dead inside the apartment near the same window.

Spared was Bowens's 3-year-old son, David, who was caught by two off-duty Jersey City policemen just after the boy let go of a ledge he'd been dangling from, police said.

See FIRE — Page 4

Two hero cops just reacted instinctively

By Stan H. Eason
Journal staff writer

If two Jersey City policemen had taken time to think about becoming heroes, 3-year-old David Bowens might not be alive today.

There was no time to spare Thursday night. None for thoughts of heroism or personal safety. Tragedy struck that fast as fire tore through a third-floor Jersey City Heights apartment.

The boy's mother plunged to her death to escape flames and his brother and sister, trapped inside, died.

David escaped the same fate by climbing out onto a ledge three stories above the ground and dangling until he could hold on no longer.

When David fell, Police Officers Ralph Velez and Steve Wilson were there to catch him. Just seconds earlier, the patrolmen saw the boy's mother, Schehusz Bowens, fall to her death from the same window.

David was in critical condition yesterday at St. Barnabas Medical Center in Livingston after suffering third-degree burns over 27 percent of his upper body, police said.

"It's one of those things you don't think about. We just saw the mother fall to the ground right in front of us. We knew if we didn't do something, the kid was going to be in the same condition," Velez said.

"He was hanging from the ledge and I

See TWO — Page 4

Inside

WEATHER:



Today: Mix of sun and clouds. Highs in low 60s
Tonight: Partly cloudy skies. Lows around 50
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Healy termed 'belligerent' at McCann's trial

Continued from Page 1

"Define many," Healy replied.

The brusque response provoked Chertoff into raising his voice and firing off questions in a tone dripping with sarcasm.

"Well, 10, let's say," Chertoff said.

"No," Healy answered.

"Five?"

"Yes."

"Do you consider five to be many?"

"No," answered McCann's attorney, Matthew P. Boylan.

"You have been a close friend for five years?" Chertoff continued.

"Yes," Healy said.

"Any longer than five years?"

"Yeah, 1983 I think I first met the mayor."

"And you had trouble understanding my first question about many years?"

"Yes."

"And in fact you have been employed in various capacities because of Mr. McCann, correct?"

"Yes."

Healy testified that McCann hired him as Jersey City's corporation counsel in 1983 during his first term as mayor, which ended in 1985, and again in 1989 at the beginning of McCann's current term. Healy became a Superior Court judge in Hudson County last June and has been assigned to Essex County since Sept. 3.

Referring to his judgeship, Chertoff asked Healy, "Mr. McCann had some significant role in your obtaining that position as well, correct?"

"I don't know," Healy replied.

"You don't know?"

"No."

In a discussion that took place outside the jury's earshot, Chertoff told U.S. District Judge John C. Lifland that Healy's last response "flatly contradicted" his previous statement to the FBI "that in fact Mr. McCann was one of his two patrons for becoming a judge."

Chertoff said he wanted to ask Healy to explain the contradiction, but Lifland told the prosecutor to move to another line of questioning for the time being.

Healy's "attitude which I observed when he said, 'Define many,' was belligerent to say the least, in my judgment," Lifland told Chertoff. "If he demonstrates continuing belligerence, you can attack him as you choose."

Healy later testified that his signature appeared on the back of the \$20,000 check, which was made out to McCann from Midlantic.

"That's a check dated May 14th, 1986, correct?" Chertoff asked.

"Correct," Healy said.

"It's from Midlantic National Bank North?"

"Yeah, but it's not made out to anybody."

"It's made out to Gerald McCann, correct?"

"Okay."

"And you see it's endorsed by Gerald McCann, correct?"

"Correct."

"And then it's endorsed by you?"

"Me."

"And it's deposited in your trust account?"

"Yes."

Lifland offered McCann's attorney a chance to cross-examine Healy, but Boylan said, "No questions. None."

As he left the courtroom, Healy declined to comment on his testimony.

Another witness, Glen Greten, an assistant vice president of Midlantic, testified that it was McCann who picked up the \$20,000 check at the bank's Journal Square branch.

But McCann did not get the \$20,000 loan easily.

Before approving it, Midlantic ran a credit check on McCann. With the negative results, Greten told McCann the bank could not lend him \$20,000 "on the strength of his signature and his ability to repay."

McCann said he planned to discuss the matter with Greten's superior at the bank, former Jersey City mayoral candidate Peter Murphy, Greten testified. Later, at Murphy's direction, Midlantic agreed to lend McCann the \$20,000 if he could come up with collateral to secure the loan, Greten said.

As collateral, McCann used a \$20,000 certificate of deposit owned by Historic Equishares Inc., Greten said. And McCann gave the bank a signed statement saying he was the sole owner of Historic Equishares, he said.

Prosecutors say McCann's statement was false.

In fact, Southern Florida-banc Savings Association of Boca Raton owned half of Historic Equishares. And Southern Florida-banc representatives have testified that McCann never informed them that he was using the corporation's money as collateral for a personal loan. They said they never would have allowed him to do so if they had known.

Greten said he accepted McCann's agreement to pledge the Historic Equishares CD as collateral because McCann was a partner in the corporation. But McCann never mentioned that he had no authority to pledge Historic Equishares' assets as collateral for loans, Greten testified.

In addition to the \$20,000 loan, McCann used Historic Equishares CD's as collateral for four other Midlantic loans totaling \$70,000, Greten testified. One loan was for \$20,000 and went to MGT Ventures Inc. for an unknown purpose, Greten said.

McCann was president of MGT. The lawyer who incorporated MGT was Healy, but he did not testify about MGT or its loan from Midlantic.

In other testimony yesterday, Thomas P. Costello, a Toms River car salesman, testified that in April 1986, McCann leased a Mercedes 560-SL from his Touch of Class dealership in Edison. Under the five-year lease, monthly rent for the car was \$1,003.

Another witness, Theresa Farmer, director of ticket operations for the New Jersey Devils hockey team, said McCann spends about \$3,000 a year for season tickets.

Prosecutors say McCann leased the Mercedes, spent more than \$7,000 on tickets to sporting events and treated himself to a variety of other pleasures by defrauding Southern Florida-banc of most of its \$300,000 investment in Historic Equishares. McCann is also charged with evading income taxes on the stolen money and covering up the tax evasion by lying to the IRS.

He denies wrongdoing.

Postal slaying suspect charged in '88 killing

MORRISTOWN (AP) — The man accused of murdering four people in a rampage that ended at the Ridgewood post office was charged Friday in the 1988 slaying of a Montville coin dealer.

Joseph M. Harris became a suspect in the killing of Roy E. Edwards after he was arrested last month, said Morris County Prosecutor Michael Murphy.

Morris County investigators have been trying to link Harris, a former post office employee, to the killing since he surrendered Oct. 10 at the Ridgewood post office wearing a black jumpsuit matching one worn by the gunman who killed Edwards.

They later learned that Harris had invested \$10,000 with Edwards in 1984 and never got the money back. In addition, ballistics tests revealed the .22-caliber semiautomatic Ruger handgun they took from Harris at the post office was the same weapon used to kill Edwards, the prosecutor said.

He said the case will be presented to a grand jury soon. Harris is to be arraigned Dec. 2.

Harris, 35, was charged yesterday with murder, robbery, burglary and three counts of aggravated sexual assault.

Harris was already accused of using a .22-caliber weapon to kill his former supervisor, Carol Ott, 30, and her boyfriend, Cornelius Kasten, 36, at their Wayne home and then going to the post office to kill Donald McNaught, 63, of Pompton Lakes, and Johannes M. Vander-Paauw, 59, of Prospect Park.

The gunman who held Edwards, his wife and two daughters hostage for four hours assaulted the women and stole \$700 before killing Edwards, 43, in an argument Nov. 15, 1989, authorities said.

Also Friday, a second court gave Bergen County authorities permission to draw blood from Harris in an attempt to link the former Ridgewood post office employee to the Edwards slaying.

Bergen County Prosecutor John J. Fahy said Harris has the same Type A blood found in a syringe left at the scene where Edwards was shot once with a .22-caliber bullet. Authorities want to see if the DNA of the blood in the syringe matches Harris', Fahy said.

A state Superior Court judge Tuesday OK'd the procedure, and the decision was upheld Friday by an appellate panel, Fahy said. The state appellate panel, at the request of Harris' attorney, stayed their order pending a Dec. 4 appeal to the state Supreme Court, he said.

Harris was being held Friday on \$1 million cash bail at the Bergen County Jail.

Blind woman barred from bathroom

TAMPA, Fla. (AP) — A blind woman wet her pants in a downtown bus terminal after workers refused her pleas to use an employee bathroom, citing company policy.

"I explained to him that I really had to go," said Sandra Couch, who added she has a weak bladder and rides two buses every morning to her job at the Tampa Lighthouse for the Blind. The terminal has no public bathrooms.

Employees later said they were sorry for Tuesday's incident, and planned to apologize to her and offer her a month's bus pass.

Employees, however, can now use their discretion in allowing passengers to use the bathroom, Ms. Dent said.



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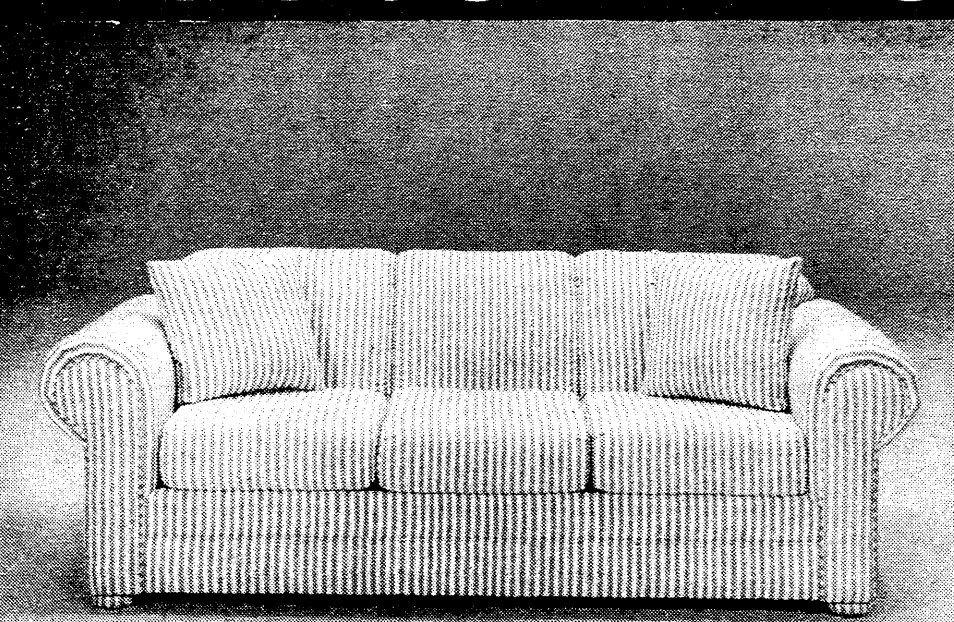
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invited to
write to Magic
Johnson**
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THE JERSEY JOURNAL

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Trial players ready for second week



In artist's rendering U.S. Attorney Michael Chertoff, standing center, presents the government's case to the jury sitting in judgment of Mayor Gerald McCann, seated right. In the foreground, with his hand on his jaw, is McCann defense attorney Matthew Boylan. U.S. District Court Judge John C. Lifland is seated at the back.

Sketch by Christine Cornell

McCann lifestyle put under scrutiny

Trial notes

By Michael Finnegan
Journal staff writer

TRENTON — Salesmen from two Manhattan jewelry stores took the witness stand last week at the trial of Jersey City Mayor Gerald McCann to give the jury its first glimpse of the "luxury" lifestyle that McCann is accused of bankrolling with ill-gotten gains.

But Bruce Fabrikant and Andy Eng, both prosecution witnesses, testified for less than two minutes apiece, and said not a word about McCann. They told the jury simply that they sell jewelry and rare coins.

To make sense of the testimony, jurors will have to take a look at McCann's credit card bills, which show that he spent \$3,005 at Fabrikant's store and \$474 at Yeng's. The jury won't necessarily agree with prosecutors that McCann committed bank fraud to get the money he used to buy expensive jewelry and rare coins, but the credit card bills, put in evidence on

McCann says he has spotted FBI agents in his trial courtroom who offered him a bribe in a sting operation. The agents, he says, posed as developers and gave him phony business cards. McCann . . . saved the business cards, and took delight last week in passing them back to the agents and calling them by their undercover names.

Friday, leave no doubt that McCann lived well.

Prosecutors say his receipt of bills from American Express and Visa amount to mail fraud, because he paid them with money he misappropriated from a real estate investment fund that he was managing for a savings and loan. But it seems

doubtful the prosecutors will put before the jury every vendor whose goods and services McCann purchased with the credit cards.

They would need to find someone from the Puerto Plata Beach Resort Hotel in the Dominican Republic, the Caribe Hotel in San Juan and the Perfume Bar in St. Croix. And someone from Columbian Emeralds International in the Virgin Islands, where he spent \$651 on five pairs of earrings.

Someone from Eastern Airlines, which sold McCann round-trip tickets to Santo Domingo for him and a companion, Mary Jane Dough. Someone from a host of elegant New York restaurants. Someone from rare coin and stamp dealers in Long Beach, Ca.; Hixson, Tenn.; Springfield, Va.; Minneapolis, Seattle and Vancouver. And someone from an outfit in Washington called Ethics and Public Policy, where McCann spent \$8, and from the CBS Video Club, which sold him a \$23 tape of "The Ten Commandments."

Prosecutors expect McCann's account-

See PROSECUTION — Page 4

Schools eye retirement incentives

State early quitting program would save up to \$150,000

By Peter Benedict
Journal staff writer

The Bayonne Board of Education is expected tomorrow night to join the state's Early Retirement Incentive Program in order to save the school district money over the long term, a top school official said.

The board will also likely accept a 1990-91 financial audit and an \$83,716 grant for a new drug program and award a contract for converting the boiler at Washington School to natural gas.

Board Business Administrator Clifford Doll presented a full report with his assessment of the incentive program to the trustees at their caucus two weeks ago.

"There could be a savings, maybe \$120,000 to \$150,000," Doll said.

There are 76 school employees eligible for retirement in the district, said Doll, who estimates that 31 of them would take advantage of the state program and retire.

Doll emphasized, however, that a variety of factors would influence how much the district could save, including the amount of salary paid to those employees hired to replace retiring staff.

Three other factors are the number of years each retiree has worked in the district, the amount the district pays now for Social Security and pension for the expected retirees, and the amount it pays for health insurance for them.

In late July, the state passed a law creating the program which, like its efforts to give

See SCHOOL — Page 4

Messano intends to end 'dark ages'

Prosecutor seeks 'major change' in office

By Patricia Scott
Journal staff writer

Computerization, accessibility to the public, corruption and an all-out war against illegal firearm trafficking are among the priorities Hudson County's new prosecutor places at the top of his list.

Carmen Messano, 38, who three weeks ago became the county's highest-ranking appointed law enforcement official, said he plans a major re-vamping of the job, including plans to bring his department out of the "dark ages" and turn it into a computer-literate, state-of-the-art entity.

"We need major change," said Messano, who will earn \$100,000 annually overseeing a staff of 55 assistant prosecutors and 110 investigators. He said a

\$300,000 computerization of the Prosecutor's Office — which will be finished by late 1992 — will allow him to hook up and share information with other counties and law enforcement agencies.

Messano said he will initiate outreach to the public, letting residents know his office "is accessible to them and there for them."

"In the past, that has not been the case and I want to make inroads," he said. "I think there's a perception that people can't go to the Prosecutor's Office. That reluctance is often why people go to other agencies. I want people to feel they can come to me."

Messano said he will estab-

See PROSECUTOR — Page 3

Few jobs at top for minorities

By Miles Benson
Newhouse News Service

WASHINGTON — For 30 years affirmative action has been the law of the land, ordered by the White House, backed by Congress and upheld by the Supreme Court.

But these institutions don't practice what they preach. When it comes to their own top-level employees, minorities are relatively scarce.

In Congress, black staffers hold about 300 — or 3.7

See MINORITIES — Page 4

Inside

WEATHER:



Today: Partly sunny, mild with the low in the high 40s only and westerly winds of 15 mph

Tonight: Fair but quite cold, with the low dropping to 25 to 30

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Hardship mars this holiday

By Helene Stapinski
Journal staff writer

With the recession turning into depression for thousands of Hudson and Bergen County residents, a record number of people are expected at Thanksgiving food pantries and free sit-down turkey dinners.

"We're anticipating a large crowd because of the economy," said Cathy Angelo, director of the Child Abuse Service in Emergency program, which

See THANKSGIVING — Page 4



Journal photo by Bill Bayer

Visiting homemakers of the Child Abuse Service in Emergency program will prepare a Thanksgiving feast at the St. Paul's Lutheran Church, Hoboken Avenue, Jersey City.

Thanksgiving means hardship for many

Continued from Page 1

plans to feed 500 hungry people on Thanksgiving Day. Last year, about 300 people showed up.

With the national unemployment rate climbing past 6.8 percent, compared to 5.4 percent last fall, and the Hudson County rate at 8.2 percent, more and more people are looking for free meals.

"The people on line these days seem more stressed out than usual," said Roxanne Cintron, a board member of Let's Celebrate, a non-profit Jersey City group that distributed 110,000 meals and groceries last year through 19 pantries and their Fairview Avenue soup kitchen.

"This is a depression. I don't call it a recession," said Cintron. Last week, amidst the unusually warm weather, Let's Celebrate couldn't place a number of men in shelters because they were

all full.

"In the warm weather, we usually don't have this problem," said Cintron. "Things are getting really bad, and it's not even winter yet."

The Thanksgiving meal at Let's Celebrate is not simply a bread line where everyone eats in silence. A florist will donate flowers for the table and a pianist will entertain the 400 guests. As with most places offering Thanksgiving dinner, the meal will be a celebration.

"Last year we had singing. We had poetry," said CASE volunteer Carol Ferrell. "It was just beautiful."

Eleftherios Apostolakis, who owns Terry's Restaurant on Bergenline Avenue in Union City, will serve Thanksgiving dinner to about 500 people.

"I'm an immigrant, and from the time I came to this country, she gave me a lot," said

Apostolakis. "I want to do something to give back to the people of this country."

He said he's gotten more calls this year than ever before. "People think they need reservations, or that they have to be a regular customer," he said. But the only requirement is hunger.

Many churches and organizations are providing food baskets for families who would rather eat Thanksgiving in the privacy of their own home. One Jersey City woman, who wouldn't give her name because she didn't want to embarrass her children, will receive a grocery bag from Sacred Heart Church.

She said she doesn't know what she would do without Sacred Heart. She lost her cashier's job in May and has been searching for a new job ever since. She has two teen-age children to support on her own,

and the unemployment check doesn't stretch far enough.

"It's so hard. It's a struggle. But we survive," she said. She said she doesn't feel any bitterness about not having enough money to buy her own turkey for Thanksgiving.

"I always thank God for what I've got," she said. "Because God is good."

Sister Elaine Keenan, who runs the Sacred Heart program, said she has had to turn people away this year because there's not enough food to go around. They're already distributing 45 baskets. "We could do lots more if we had the donations," said Keenan.

"Even a lot of our own parishioners who were laid off are coming for food," said Keenan. "These people are usually on the giving end. Now they're on the end asking for food."

Prosecution starts probing McCann's lifestyle

Continued from Page 1

-tant, Matthew Donohue, to be less than friendly when they call him to testify. They say the mayor told Donohue to put "phony numbers" in McCann's tax returns to cover up his alleged income tax evasion.

Donohue "drafted documents that will be crucial pieces of evidence at the trial," Assistant U.S. Attorney Eric Tunis wrote last week in a letter to U.S. District Judge John C. Lifland.

And because Donohue is "identified with an adversary party (McCann)," Tunis wants Lifland to let prosecutors ask him leading questions.

"Donohue is a close friend and associate of defendant Gerald McCann's," Tunis wrote. "The two men went to high school together, founded an accounting firm together in 1975, and worked together as partners in that firm until 1981. Donohue and McCann have also

engaged in a number of independent business projects and own partnership interests in several buildings.

"Most importantly, Donohue, who is the defendant's personal and corporate accountant, prepared many of the documents that will be central exhibits in this case, including work papers and tax returns for the defendant."

Prosecutors also want Lifland to take away the defense's right to pose leading questions on cross-examination. McCann's attorney, Matthew P. Boylan, opposes the prosecution requests.

"They've had 20 hours of interviews with him (Donohue) and three grand jury appearances," Boylan said. "He's all but taken residence in their building, and now they want to use leading questions?"

McCann says he has spotted FBI agents in his trial courtroom who offered him a bribe in

a sting operation. The agents, he says, posed as developers and gave him phony business cards. McCann, who says he reported the attempted bribery to the police, saved the business cards, and took delight last week in passing them back to the agents and calling them by their undercover names.

Boylan asked the judge on Friday to let the jury take a tour of Liberty State Park, but Lifland said no.

Lifland's decision came after U.S. Attorney Michael Chertoff called the proposed tour "a total waste of time."

Prosecutors say McCann defrauded Southern Floridabanc Savings Association of Boca Raton out of its \$300,000 investment in a proposal to build a hotel and marina at Liberty State Park, using most of the money for personal pleasure.

Boylan contends that McCann's joint venture with Southern Floridabanc, Historic

Equishares Inc., was supposed to use the money to pursue not just the Liberty State Park project, but also the "renovation of historical structures" and developments in other communities.

In an effort to prove that Southern Floridabanc must have known that Historic Equishares was pursuing other projects, Boylan wanted to show the jury there were no "historical structures" in Liberty State Park to renovate.

But Chertoff drew Lifland's attention to the Historic Equishares business plan submitted by McCann to Southern Floridabanc, which mentions renovation of the historic railroad terminal at Liberty State Park. The business plan "utterly blows this application (for the tour) out of the water," Chertoff said.

Lifland said he saw no need for the "very large inconvenience" the tour would cause the court.

Minorities hiring rare in leading federal jobs

Continued from Page 1

percent — of the 8,200 power jobs that influence legislation and political decisions. Another 150 of these jobs are held by Hispanics, and 45 by Asian-Americans. Nearly half of these minorities work for Congress' 44 minority members.

At the Supreme Court, the 39 law clerks who shape and help write landmark opinions include only one black — who works for retired Justice Thurgood Marshall. Justice Clarence Thomas' four clerks are all white males.

At the White House, there are only two blacks of any prominence on the president's staff.

"I'm very disappointed that these figures are so low," said the Rev. Joseph Lowery, president of the Southern Christian

Leadership Conference, a pioneer civil rights group. "They're saying, 'Don't do what I do, do what I say.'"

Long way to go

"It's racism," said Rep. Maxine Waters, a black Democrat from California. "The numbers speak for themselves. We have a long way to go."

When it comes to high-level hiring, the White House, Congress and the Supreme Court have always been exempt from the affirmative action requirements covering millions of public and private workers.

The 1991 Civil Rights Act signed by President Bush last week does not change that. For the first time, the law allows employees of Congress and the White House to claim protection against job discrimination, but it

does not require affirmative action.

Congressional personnel records do not identify employees by race. Thus official statistics on minority hiring do not exist. But black staff groups in both the Senate and the House closely track minority hiring and say the pattern is discouraging.

In the Senate, blacks hold 68 — or 2.5 percent — of the 2,700 most important staff jobs, said Jackie Parker of the Black Senate Legislative Staff Caucus.

"We're not in the game," said Parker, an aide to Sen. Carl Levin, D-Mich. "There is minuscule input from African-Americans in the day-to-day policymaking up here."

Who has the power?

In the House of Representatives, blacks hold about 240 — or 4.4 percent — of the 5,500 most important staff posts, according to Sam Thornton, president of Congressional Black Associates, one of two groups of black staffers in the House.

More than half of these work for the 26 black representatives. There are no black senators.

The positions surveyed by the staff groups include administrative assistants, legislative directors, legislative assistants, press secretaries and senior committee staff.

These jobs tend to become springboards to even more powerful positions. Many current members of Congress got their start working on congressional staffs. Others go on to other branches of government. Clarence Thomas came to Washington as an aide to Sen. John Danforth, R-Mo.

These power jobs are also scarce for Hispanics and Asian-Americans.

Castell, who heads the Congressional Hispanic Staff Association, estimates there are

approximately 150 Hispanics in key staff posts in Congress. Most of these work for the 13 Hispanic members of the House, he said. There are no Hispanic senators.

Irene Bueno, a legislative assistant to Sen. Alan Cranston, D-Calif., said she is attempting to organize a professional club for 45 Asian-American staffers who hold policy jobs in the Senate and House.

Supreme Court hiring

There are two Asian-American senators and three Asian-American representatives.

House Speaker Thomas Foley said he believes Congress is making a good-faith effort to hire minorities, but that he is dissatisfied with their existing share of top jobs.

Foley, a Democrat from Washington state, has six blacks among his 33 aides. Only one holds a policy position; a second left recently to work for a black congressman.

Looking across the street from the Capitol, civil rights leaders are galled by the dearth of minorities among the Supreme Court's law clerks, who are chosen by the justices for one-year terms.

They research cases, help draft the justices' opinions and engage in virtually every stage of the process that produces the court's rulings.

Besides the single black law clerk, there is one Asian-American, according to Supreme Court spokeswoman Toni House.

Chief Justice William Rehnquist has never hired a black clerk, nor have Justices Sandra Day O'Connor, Antonin Scalia, Anthony Kennedy and David Souter, according to Randall Kennedy, editor of Reconstruction magazine, a publication devoted to black issues.

The only prominent black members of the White House staff itself are Fred McClure, who heads the congressional liaison office, and Judy Smith, a deputy press secretary.

Affirmative action dates back to 1961 when President Kennedy issued an executive order requiring companies doing business with the federal government to take "affirmative action" to end discrimination in hiring.

In 1965, the effort shifted into high gear when President Johnson created the Labor Department's Office of Federal Contract Compliance, which required companies doing business with the government to set goals and timetables for increasing the hiring and promotion of minorities and women.

Thanksgiving bounty

The following groups and restaurants are providing Thanksgiving Day dinner or food baskets this week for the needy:

• **Let's Celebrate**, serving Wednesday, 11:30 a.m. to 3 p.m. at 46 Fairview Ave., Jersey City. To donate money or canned food, call 433-5438.

• **Kappa Delta Phi** fraternity at Jersey City State College serves Thursday starting at 11 a.m. outside the Journal Square PATH station on Kennedy Boulevard. Food and clothing will be distributed. To donate clothing and blankets, call 437-3420.

• **Visiting Homemakers Service of Hudson County** program, the Child Abuse Service in Emergency, Thursday 11 a.m. to 2 p.m., St. Paul's Lutheran Church, 440 Hoboken Ave., Jersey City. To donate, call 656-6001.

• **St. Martin's Soup Kitchen**, basement of Sacred Heart Church, 183 Bayview Ave., Jersey City, takes donations 332-6771.

• **The Salvation Army Adult Rehabilitation Center** serves Thursday, 12 noon to 1 p.m., 248 Erie St., Jersey City. Street people only. 653-3071.

• **Red Heads** bar serves a cold buffet Thursday 3 p.m., 72 Hudson St., Hoboken. 659-9453.

• **Hoboken Clergy Coalition Shelter** serves Thursday at 7:30 p.m. Sign up at 7 p.m. 300 Bloomfield St., Hoboken 656-5069.

• **Terry's Coffee Shop** on Bergenline Avenue at 38th Street serves Thursday between 10 a.m. and 4 p.m. 617-5202.

• **New Chuck Wagon** restaurant on Bergenline Avenue at 35th Street serves Thursday with seatings 11 a.m., 12:30 p.m. and 2 p.m. 348-3990.

• **St. John's Lutheran Church and Shelter** at 3511 Palisade Avenue will serve dinners Thursday from 2 p.m. to approximately 6 p.m. 863-6630.

• **Memorial High School** Environmental Club will distribute coffee and rolls in front of West New York Town Hall, 428 60th St., 7 a.m. to 10 a.m. Thursday.

• **The West New York Assembly**, 61st and Adams, will distribute food baskets to the needy people in its congregation. For more information, call 867-1728.

• **The First Reformed Church**, 53 Centre Avenue, Secaucus, is offering a free Thanksgiving dinner at 3 p.m. Thursday for anyone who's lonely or needy. For more information, call 867-9178.

• **The Cliffside Park Social Services Department** on the second floor of Borough Hall, 525 Palisade Ave., will hand out food baskets and gift certificates for turkeys today from 1 p.m. to 4 p.m. Those wishing to donate canned goods may do so at Borough Hall or any of the borough's five public schools.

• **The Fairview Department of Social Services** will distribute canned goods on Wednesday from 10 a.m. to 4 p.m. at Borough Hall, 59 Anderson Ave.

• **Palisades Park Boy Scout Troop 379** is collecting food which will be distributed by St. Michael's Church, through the Archdiocese of Newark's food pantry.

• **SHARE**, a non-profit organization based in Newark, provides food each month for churches and community-based organizations in Hudson. Participants pay a \$13 fee and do community work in exchange for the food package. 344-2400.

DONATIONS: The following organizations are running collection drives:

• **Hoboken postal employees** are accepting donations for their food drive until Tuesday. Drop off non-perishable items at the Main Office, 89 River St.; Washington Street station, 734 Washington St.; Uptown station at 57 14th St.; or West Side station at 502 Grand St.

• **The North Hudson Community Action Corp.** at 507 26th Street runs a year-round food pantry and donations are always needed. 866-2255.

• **St. Joseph of the Palisades High School** is conducting a food drive. To donate, contact the school at 864-9700.

• **North Bergen elementary schools** are collecting canned food. Call first to find out where and when to drop it off.

• **Emergency Food Pantry** at the Community Center, 145 Front St. Secaucus, between 9:30 a.m. and 3:30 p.m. For more information, call Rita or Roe at 330-2034.

• **Edgewater Welfare Department**, Borough Hall, 916 River Rd., is collecting canned food.

• **School No. 3 and Lincoln School** accepting food from 10 a.m. to 3 p.m. today and Tuesday.

• **The Fort Lee Department of Human Services** will take donations of canned goods at the food pantry in the Senior Citizens Building at 319 Main St.

• **Ss. Peter and Paul Church** is accepting donations for the poor of the parish. Items may be dropped off at the rectory at 404 Hudson St., Hoboken.

School board likely to accept state plan

Continued from Page 1

incentives to state workers to retire, is designed to save money for boards, agencies or commissions over the long term.

The new law provides incentives to employees in two categories: five extra years of pension membership to retirees age 50 with 25 or more years on the job, and free health benefits for retirees age 60 with 20 to 24 years.

The employees must retire before July 1, 1992, and must belong to either the Public Employees' Retirement System (PERS) or the Teachers' Pension and Annuity Fund (TPAF).

The board must decide before the end of this year whether to participate in the state incentive program.

The board will vote at 8 p.m. tomorrow in Bayonne High School, 28th Street and Avenue A, on awarding a contract to a firm to replace the oil burner at the Washington School, Avenue B and 47th Street, with a natural gas burner.

An audit of the district's 1990-91 financial records by the firm Ernst & Young, which the board will likely accept into the record tomorrow, contains seven recommendations.

Among them is that the board provide a higher surety bond covering people who are handling school monies: the treasurer, board secretary and business administrator. The district was providing a \$125,000 bond, but according to a state formula it must have \$127,000 now, said Doll.

The board should also institute a procedure to check its

approximately 100 small accounts, not just the bigger accounts, to make sure they have not been over-expended, said Doll.

Procedures should also be set for using funds from school activities accounts, for using money for grammar school field trips, the firm suggested, said Doll. "So what we're going to have is a little seminar for the administrators in charge," he said.

The trustees will also vote on accepting \$83,716 from the city, through the state, for the state's new Municipal Alliance for a Drug-free Bayonne program.

Assistant Superintendent of Schools Lois McGuire said the funds, good until December 1992, will be used to create a drug abuse prevention program for grades kindergarten through 12 in all city public and parochial schools.

The money would also be used to publish a resource directory of Hudson County drug abuse treatment centers and to hire lecturers to speak to the community on abuse, she said.

Assistant Superintendent Paul Lempa reported that the trustees will vote on accepting a report on student results in the California Achievement Test, High School Proficiency Test (HSPT) and the new Early Warning Test.

The last test was given to eighth-graders for the first time last year. It will be used to spot student deficiencies to prepare them for the HSPT, which will be a test for 11th-graders, not ninth-graders, in two years, Lempa said.

In 1969, President Nixon issued an executive order requiring affirmative action in federal employment.

President Carter assigned the Equal Employment Opportunity Commission to ride herd on those efforts.

Congress never mandated the creation of these affirmative action requirements, but has acknowledged them by providing enforcement funding to the EEOC and the Office of Federal Contract Compliance.



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Out of darkness . . . a vision for TV
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■ **Isabel Shaughnessy named to newly-created patient representative post** Page 2

49ers pummel Rams, 33-10, behind Bono Page 20



THE JERSEY JOURNAL

125th Year — No. 176 ★ ***

Tuesday, November 26, 1991

35¢

Home Delivery — \$1.45 weekly

Paint-stained vandal suspects arrested

By Peter Benedict
Journal staff writer

A Jersey City man and two youths have been charged with Saturday's spray-painting of graffiti on about 20 buildings and vehicles in downtown Bayonne, police said.

Reginald Ramirez, 18, of Baldwin

20 buildings and vehicles hit during weekend spree

Avenue, was caught by police along with the two youths, a Bayonne 16-year-old and a Jersey City 15-year-old, as the three emerged from an alleyway at 14th Street and Avenue C, police said.

The suspects had red, white and

blue paint stained on their hands and the Bayonne teen had red paint on his pants, they said.

Two spray-paint cans were found hidden under a bush alongside one of the defaced buildings, on Kennedy Boulevard near 14th Street, said police.

The graffiti at the crime scenes shared similar words, or signatures, sprayed in paint: "Gap," "Sly," "501," "Jeckel," "Care," and "Trans," said police.

Police said Ramirez admitted to the arresting police officers, Patrick

Lioi Jr. and Joseph Heaney Jr., that he is "Trans."

The incidents occurred between 2:30 a.m. and 4 a.m. Saturday, said police, at the following addresses: 362, 363, 367, 373, 375, 376, 378 and 410 Kennedy Blvd.; 301, 305, 311, 317 and 319 Avenue C; 113 W. 12th St.; and 78 W.

See PAINT — Page 3

English and only English HCCC directive forbids Spanish

By Deborah Yaffe
Journal staff writer

A Hudson County Community College administrator has ruffled feathers with a memo instructing subordinates not to speak Spanish on the job.

"All employees of this college should be able to communicate in English," wrote Mark Oromaner, dean of the HCCC Bilingual Institute in West New York, which gives classes in basic skills and English as a Second Language. "We should do all that we can to motivate students to learn English."

In the memo, which is dated Friday and addressed to HCCC counselor Lydia Ortiz, Oromaner specifies that his view applies to office communication, not to private social contacts. He does not say whether employees who disregard his views will be punished.

HCCC President Narcisa A. Polonio said she learned of the memo only yesterday and plans to look into the circumstances surrounding its issuance.

"This was not authorized by the college, nor does it represent the college's policy," Polonio said.

Any disciplinary action arising from the incident would be up to the Board of Trustees, Polonio said, because she will no longer be college president after Jan. 2.

Polonio, who was born in the Dominican Republic, is a former head of the state Department of Higher Education's Office of Bilingual and International Education.

Neither Oromaner nor Ortiz could be reached for comment on why the memo was issued. Oromaner is a long-time HCCC administrator who served as acting college president before Polonio was appointed in April 1990.

See HCCC — Page 3

Stripped down for fall



Journal photo by Bill Bayer

If the thermometer hasn't already told the tale, these trees along the edge of Liberty State Park in Jersey City have lost all their leaves indicating we are deep into the fall.

Prosecutor says Luis Rojas gave gun to New York killer

By Pete Donohue
Journal staff writer

NEW YORK — A popular Weehawken teenager began trial yesterday for a Greenwich Village murder as the prosecution called him the culprit who provided the killer with a gun.

The defense countered by stating that Luis Rojas, 19, a senior at Emerson High School in Union City when arrested, and co-defendant Carlos Cajas of Union City, 19, an Emerson graduate, were not in the area when the incident occurred.

Rojas faces life in prison if convicted of second-degree murder, the most serious charge he is fighting in Supreme Court in Manhattan. Cajas, charged with coercion and inciting riot, could receive up to eight years in prison if convicted.

The gunman was never apprehended, but Assistant District Attorney Peter Kougasian claimed Rojas had provided the man with the pistol used to shoot Javier Bueno, 19, of Manhattan, in the neck at 2 a.m. on Nov. 18, 1990 during a clash between two groups of youths in Greenwich Village. Bueno died less than a month later. A

second man shot in the leg during the clash survived.

Opening defense arguments claimed Rojas and Cajas were nowhere near the scene of the shooting — Washington Place and Broadway. The cases against the two men are weak and rife with inconsistencies, the defense says.

"There is nothing here," said Rojas' attorney, David Fronefield of Jersey City. "There is no evidence to support a conviction beyond a reasonable doubt."

The prosecution's first witness was Jose Fontanez, a Manhattan teen-ager who in an emotional moment said the shooting victims were his best friends. Fontanez, who joined the U.S. Army last month and wore his uniform on the stand, said he was with about 10 teen-aged friends when they encountered Rojas and another man on Broadway.

Rojas bumped into one of Fontanez's friends, prompting a staring match and an exchange of insults, Fontanez said. Soon, five men, including Cajas, ran over with their fists clenched to join Rojas, Fontanez said.

See ROJAS — Page 3

Witnesses deny McCann story to FBI in 1990

Bank knew of salary, mayor says

By Michael Finnegan
Journal staff writer

TRENTON — Statements that Jersey City Mayor Gerald McCann made last year to the FBI about his alleged misuse of \$300,000 contradict the testimony of four witnesses at his bank fraud trial, according to an FBI agent's account of McCann's remarks.

McCann told the FBI that Southern Floridabanc Savings Association knew he was paying himself a salary from the \$300,000 real estate investment fund that he was managing for the Boca Raton thrift, FBI Agent Paul Gardner testified yesterday.

But all three Southern Floridabanc representatives on the board of directors of Historic Equishares Inc., the thrift's joint venture with McCann, testified they were unaware McCann was taking the money.

And a Southern Floridabanc attorney has testified that McCann was explicitly barred from drawing a salary from Historic Equishares without prior approval of the corporation's six-member board.

Prosecutors say McCann defrauded Southern Floridabanc by secretly diverting most of the \$300,000 the thrift invested in Historic Equishares to a bank account he controlled and by using the money for personal pleasure.

Trial Highlights

- An FBI agent testified that McCann's statements to investigators last year contradict testimony given by four witnesses in the trial.
- Judge John C. Lifland ordered defense attorney Matthew Boylan not to question FBI officials about an alleged sting operation that targeted McCann.
- McCann accountant Matthew Donohue takes the stand today. Prosecutors allege McCann told Donohue to falsify tax returns.

In an interview on July 12, 1990 at the U.S. Attorney's Office in Newark, McCann also told Gardner and Assistant U.S. Attorney Eric Tunis that the Southern Floridabanc directors on the Historic Equishares board knew the amount of money that he paid himself, Gardner testified.

But the three directors — Gennaro A. D'Amore, Susan DeMaio and J. Jay Boland — all testified they knew nothing about compensation to McCann.

McCann also told Gardner and Tunis that the Southern Floridabanc directors knew of a variety of real estate development proposals that he was

See WITNESSES — Page 3

Freeholders debate burning issue today

By Peter Weiss
Journal staff writer

The Hudson County Board of Freeholders today will debate whether to take legal action to prevent county garbage from being burned in the Essex Incinerator instead of continuing to be dumped in a landfill.

Freeholder Louis Manzo of Jersey City asked the board's counsel, Charles Schimenti, to prepare a list of options in the wake of the recent order from the state temporarily redirecting garbage from Jersey City and Bayonne to the incinerator.

The state Department of Environmental Protection and Energy has refused to rescind the order despite Hudson County officials' change of heart about participating in the plan to help out the underutilized Essex facility.

Before the order was issued, all Hudson garbage was dumped in a landfill in the Hackensack Meadowlands or transported to a landfill in Pennsylvania.

The redirection order was issued without approval from the Board of Freeholders or the municipalities affected until the day before it took effect. Those

cities produce about one-half of Hudson's garbage.

Under the temporary order issued by the DEPE, Bayonne is to send its garbage to the Essex Incinerator until the end of this

See FREEHOLDERS — Page 3

Tempo tomorrow

Because of the Thanksgiving holiday, The Jersey Journal will publish its weekly entertainment guides, Tempo and Tempo TV, tomorrow rather than Friday.

Tempo will include reviews of and times for movies opening tomorrow for the holiday weekend. Also, the cover story takes a look at the behind-the-scenes action in Hoboken that makes the Macy's Thanksgiving Day Parade in New York a success.

New York TV will include complete television listings for tomorrow through Dec. 5 as well as information on new videos and "best bets" for holiday TV viewing.

Tempo and Tempo TV will return to their regular Friday schedule next week.

Inside

WEATHER:



Today: Mostly sunny, chilly with highs around 40
Tonight: Clear and cold.
Lows ranging to upper 20s
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Freeholders debate garbage burning issue today

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year while Jersey City will send it there until April 1992.

At a meeting of the freeholders' environmental committee yesterday, Schimenti said "it's obvious" the agreement to send Hudson garbage to Essex should have been submitted to the freeholders for approval. But he declined to render an opinion whether the agreement is valid without their OK.

Manzo also asked Improvement Authority officials for their opinion regarding possible legal action.

Yesterday, a DEPE official said the order would not be rescinded despite an apparent change of heart by some county officials. When DEPE issued its order two weeks ago, County Executive Robert Janiszewski claimed

he was pressured by the state into agreeing to the plan. Not true, said DEPE Commissioner Scott Weiner, countering that it was issued only after both counties voluntarily consented.

The freeholders unanimously passed a resolution opposing the plan to send garbage to the Essex Incinerator. Janiszewski then asked Weiner to rescind the redirection order, but the commissioner refused.

The impasse led to yesterday's freeholder subcommittee meeting.

Steven Gabel, director of the state Division of Solid Waste Management, said yesterday that the DEPE maintains that sending Hudson garbage to Essex is "beneficial to both counties and beneficial to the state as a whole."

The DEPE acted as an intermedi-

ary between the counties after Essex officials asked for help in finding additional customers for its incinerator.

Gabel and Manzo disagreed over whether that role is proper for the DEPE.

The DEPE views incineration as "our option of last resort" for waste disposal, Gabel said, but as long as Essex has an incinerator in operation, the department prefers to burn waste generated from inside the state rather than to import garbage from elsewhere.

The Essex Incinerator meets environmental guidelines, Gabel said, while Manzo contended it produces hazardous pollutants.

Robert Barry, counsel to the county Incinerator Authority, said he received

no indication of pressure from DEPE. Barry handled negotiations for the county. The HCIA is responsible for administering Hudson's solid waste management plan.

"The way it was presented to me, it was an agreement between the two county executives," said Barry.

Joseph Lauro, Janiszewski chief of staff, said he viewed the dispute in terms of what comes next. "What is DEPE willing or able to do at this point?" he asked.

Bayonne Mayor Richard Rutkowski said he was "highly annoyed at what took place" and noted he campaigned against incineration. He said he hopes the short-term use of the incinerator doesn't turn into a long-range agreement.

Rutkowski said Janiszewski promised that any extra costs incurred by Bayonne would be reimbursed.

Norman Guerra, director of the Jersey City Incinerator Authority, said sending garbage to Essex will cost more than \$20,000 a month extra for trucks.

Gabel countered that extending the life of the landfill used by other Hudson municipalities would save some \$2 million over the next few years.

He also said he was unaware until yesterday that there would be additional costs to Bayonne and Jersey City. He said DEPE is willing to negotiate that point. Gabel said DEPE relied on officials of both counties to work out details with the municipalities in their respective counties, he said.

Paint-stained suspects nabbed in vandal spree

Continued from Page 1

13th St.

A mailbox was also defaced at 13th Street and Avenue C, as was a Ford van parked on West 13th Street near the Boulevard, police said.

Police also reported incidents of vandalism that night in which the name "Sly" was spray-painted in red on the front of Leonard Resto's Avenue A duplex and on Patrick Barron's two-family house at 719 Kennedy Blvd.

Ramirez was released on \$500 bail and the youths were released to their parents, said police.

In an unrelated police incident Friday, two Bayonne boys, ages 13 and 14, were charged with possession of burglary tools and about 60

emblems stolen from cars, including many hood ornaments, said police.

Police Officer Richard Fifer approached the youths as they were ducking down behind a car parked at 29th Street and Avenue F, they said.

One youth had a black "book-type" bag which contained "numerous" vehicle emblems, red-handled tin snips and a small yellow-and-black-handled flathead screwdriver, said police. Officers also confiscated a scraper.

The youths stated at police headquarters that they had stolen the emblems from cars in the uptown Bayonne area, said police, adding that the boys were turned over to the custody of their mothers.

Witnesses contradict McCann's story

Continued from Page 1

using Historic Equishares funds to pursue, Gardner testified. McCann said he got approval from Boland, for instance, to spend Historic Equishares money on a proposal to build waterfront condominiums in Beach Haven, N.J., Gardner said.

But Boland testified yesterday that he knew nothing about the project and never authorized McCann to spend any money on it.

The other projects McCann claimed he used Historic Equishares funds to explore included an offshore Florida gambling yacht, a country club in Mays Landing, and developments in North Bergen, Jersey City, Asbury Park, Denville, Plainfield, Colts Neck and Scranton, Pa., Gardner testified.

D'Amore, the Southern Floridabanc officer in charge of monitoring the thrift's investment in Historic Equishares, testified last week that McCann had no authority to spend any of the \$300,000 on any of those projects.

D'Amore and the Southern Floridabanc attorney, Sander Mednick, testified that Historic Equishares was authorized only to prepare a proposal to build a hotel and marina at Liberty State Park.

In his voluntary interview with Gardner and Tunis, McCann said he did spend some of Historic Equishares' money on the Liberty State Park project, according to Gardner. McCann said the project started when he went to Hilton Head, S.C., and met with then-Southern Floridabanc Chairman Robert V. Gibbs and developer E.R. "Bobby" Ginn, Gardner testified.

According to McCann, Historic Equishares hired Ginn's Hilton Head Development Corp. to draft the Liberty State Park development proposal, Gardner testified.

McCann said Historic Equishares provided Hilton Head with information it would need to draft a proposal, but Hilton Head failed to finish it in time for Historic Equishares to meet the August 1986 deadline to submit a bid to the Liberty State Park Development Corporation, Gardner said.

During cross-examination of Gardner by McCann's attorney, Matthew P. Boylan, U.S. District Judge John C. Lifland rebuked Boylan for suggesting that Gardner treated his report of the McCann interview as special because the mayor is a Democrat. In the presence of the jury, Lifland raised his voice and called Boylan's remark a "purposefully off-handed comment and highly improper."

McCann has suggested to the news media that he was targeted for prosecution by a Justice Department appointed by a Republican administration because he is a Democrat, but Boylan has not used the allegation as part of his defense strategy. Prosecutors deny that politics motivated their case against McCann.

Before the jury entered the courtroom yesterday morning, prosecutors asked Lifland to block McCann's attorney from asking Gardner about an undercover FBI corruption investigation that McCann mentioned during the July 1990 interview.

McCann says an FBI agent posing as "George Miller" from Southern Investors Group offered him 25 percent of his business in November 1989 if the mayor could get him a liquor license and city Planning Board approval for a sports bar in Liberty State Park.

McCann reported the incident to city Police Director Gerard McCarthy, whose investigation of "Miller" concluded that he was running either a bogus development

company or an FBI sting operation. McCarthy reported the incident to a senior agent at the FBI's Newark office. McCann saved the business cards he got from "Miller" and an agent posing as "Thomas Jackson," and Boylan showed one of the cards to Lifland. Boylan also said "Jackson" has appeared twice in the courtroom at McCann's trial.

Boylan told Lifland he wanted to ask Gardner about the incident to show the jury what he called the FBI's "institutional bias" against McCann.

U.S. Attorney Michael Chertoff acknowledged for the first time that there was an undercover operation involving "Miller," saying it resulted in the corruption conviction of California State Sen. Joseph Montoya. But he said McCann's remarks about the undercover investigation were irrelevant to the jury's evaluation of the mayor's statements about Historic Equishares.

After hearing brief testimony from Gardner outside the jury's presence, Lifland found there was no basis for allowing Boylan to ask about the undercover operation.

During a break in the court proceedings, McCann again complained about what he suspects are the government's motives for prosecuting him.

"They had no evidence at all that I was susceptible to a bribe," he said. "That's entrapment. . . . They tried to set me up, and when they couldn't set me up to take a bribe, they took this route."

The trial resumes this morning with the testimony of McCann's accountant, Matthew Donohue. Prosecutors say McCann ordered Donohue to put "phony numbers" in the mayor's income tax returns to cover up his evasion of taxes on the money he took illegally from Historic Equishares. McCann filed the returns two weeks after Gardner and Tunis interviewed him.

Rojas gave killer gun, says NYC prosecutor

Continued from Page 1

According to Fontanez, Rojas then brandished a handgun.

"We all froze," Fontanez said. "They had complete control of the situation."

After firing three shots into a wall, Rojas challenged the New York group to take some action, Fontanez said. The New York group began to back off, Fontanez said.

"They were laughing, saying 'we should have bucked them,' meaning shoot us," Fontanez said.

A member of Rojas' group whom police never identified then started shooting, striking Bueno in the neck and Ruddi Quesada in the leg, Fontanez said. Fontanez said he was unsure whether the weapon was the same brandished earlier by Rojas.

Bueno, paralyzed from the neck down, was on a respirator for one month before he died, Kougasian said.

Police arrested Rojas and Cajas shortly after the shooting when Fontanez identified them on a PATH train at Ninth Street and Sixth Avenue. Fernandez said he also picked out a man he believed was the gunman. That man was released.

Fronfield and Cajas' attorney, Hershel Katz of New York, were highly critical of a police line-up during which their clients were picked out by witnesses to the shooting. While

Rojas and Cajas had shoulder-length hair, the four other men in the line-up had crew cuts and were older than the Hudson youths, the attorneys said.

"A lot of mistakes were made in this case," Katz said. "This case is very weak. The police in their rush to apprehend someone grabbed the wrong person, at least in respect to my client."

Police never recovered the gun used to shoot Bueno and Quesada.

At Emerson, students and friends of Rojas have sent hundreds of letters to presiding Justice James Leff. Defense attorneys plan to call students and school staff members to the stand as character witnesses for Rojas and Cajas.

The courtroom was nearly empty yesterday with only Rojas' father and brother and a few of Bueno's relatives in attendance.

Rojas is being held at Rikers Island in lieu of \$100,000 cash bail. He faces 10 charges, including murder, attempted murder and assault.

Cajas, now studying electrical engineering, is charged with rioting and coercion. He is free on bail.

As court officers led Rojas back to prison, Cajas said the support they are receiving back home and their faith in God are helping them get by.

HCCC administrator forbids use of Spanish

Continued from Page 1

Local Latino politicians criticized Oromaner's memo as illegal and unjustified.

"This is outrageous," Hudson County Freeholder Nidia Davila-Colon said in a statement issued yesterday. "Telling employees that they cannot speak a

particular language amongst themselves is a clear invasion of privacy and is discriminatory."

Downtown Jersey City Councilman Jaime Vazquez said he would advise employees to ignore the directive. "Whether it was a suggestion or an order, it was totally inappropriate."

President Bush pardons turkey

WASHINGTON (AP) — President George Bush signed a Thanksgiving Day proclamation yesterday and granted the annual "presidential pardon" to a frisky turkey presented to him in a Rose Garden ceremony.

"You can rest assured that he will not be on anybody's dinner table on Thursday," Bush said of the gift from the Nation-

al Turkey Federation. "Instead, he will live out his days gobbling away at (a nearby) children's petting farm."

The Iowa-raised tom turkey spent the weekend in a room in the kitchen of a nearby hotel after the ceremony was postponed from Friday because of rain.

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The Macy's Parade gets its start in Hoboken

See Tempo



- Jacobson rejects pressure to resign as school board trustee Page 2
- Mayor's panel established to help comply with a new disabilities law Page 2

Knicks vault into first place with 98-81 victory over Heat



THE JERSEY JOURNAL

125th Year — No. 77 ★**

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Tax peaks and valleys to even out soon

By Joseph J. Casey Jr.
Journal staff writer

Bayonne's tax rate may have increased to \$27.33 per \$1,000, but that doesn't mean all taxpayers will be getting higher tax bills early next year.

Some relief is in sight for those recently hit hardest by the revaluation, according to Terrence Malloy, city fi-

nance director.

On the other hand, those who saw a big drop in their taxes as a result of revaluation can expect their bills to rise.

The impact of revaluation did not show up in the first two tax bills this year, Malloy explained, so both increases and decreases were doubled in the August and November tax bills.

Only half those amounts will show

up in the February and May bills going out after the new year because in 1992 they will be spread over the full year.

Those who saw a dramatic increase following revaluation can expect their bills to come down as the impact is lessened, but those who saw a drop would see their taxes move back up even without the latest rate increase.

Those are among the anomalies cre-

ated by a state-encouraged switch of the city's budget year from a calendar year starting Jan. 1 to a fiscal year beginning July 1, which the state also follows. The Legislature forgot to authorize cities to switch their billing years as well. Those are still on a calendar-year basis, Malloy said.

Even though both the city and the school budget years are now on a fis-

cal-year basis, beginning July 1, it has complicated rather than simplified computing the tax rate because the billing year remains unchanged.

Until this year, the city and the Board of Education had budget years starting six months apart, the city's in January and the school board's in July.

See TAX — Page 4

Incinerator deal faces challenge

By Peter Weiss
Journal staff writer

Hudson County freeholders have unanimously authorized a possible legal challenge to the county administration's deal to send local garbage to the Essex County Incinerator.

The board passed a resolution at its meeting yesterday giving its attorney authorization "to institute court action against" the state Department of Environmental Protection and Energy and "other necessary parties" if the state does not rescind its temporary order sending garbage to Essex.

The DEPE two weeks ago issued an order redirecting garbage from Jersey City and Bay-

onne to the Essex County Incinerator. Bayonne is to send its garbage there until the end of next month and Jersey City will send its garbage until mid-April. Jersey City and Bayonne produce about one-half of Hudson's garbage.

The DEPE describes the order as necessary to help the underutilized Essex Incinerator and insists it would not have been issued without Hudson County Executive Robert Janisewski's consent. Janisewski has claimed he was pressured by DEPE, but has twice declined to appear before the freeholders to discuss the matter.

The freeholders, who are on record opposing incineration as

See FREEHOLDERS — Page 4

Essex Incinerator fined by the DEPE

By Dan Rosenfeld
Journal staff writer

The Essex County Incinerator was slapped with a fine of more than \$262,000 for spewing acid gases, smoke and mercury into the air, the state Department of Environmental Protection and Energy announced yesterday.

American Ref-Fuel, which built and operates the 2,250 ton-per-day burner in Newark, contends that the 41 instances from January to June cited by the DEPE did not create a health hazard.

The DEPE was instrumental in brokering a deal to send 42,000 tons of Hudson County garbage to the Essex Incinerator.

DEPE critics say it's improper for that agency both to enforce environmental regulation on incinerators and to help find sources of garbage.

"This is going to continue as we keep feeding more and more trash into that facility," said Freeholder Louis Manzo, who wants to break the deal.

American Ref-Fuel was also hit with a \$200,000 fine for nitrogen oxide emissions earlier this year for exceeding its permit nine times, the DEPE reported. The \$350 million incinerator spewed out too much sulfur dioxide 24 times; too much thick smoke; once too little oxygen.

See INCINERATOR — Page 4

'McCann faked taxes'

Accountant says mayor lied on returns, evaded tax

By Michael Finnegan
Journal staff writer



Journal photo by Bill Bayer

Accountant Matthew Donohue, in overcoat, walks toward the federal court in Trenton where he testified in the bank fraud and tax evasion trial of Jersey City Mayor Gerald McCann. Below is a segment of McCann's income tax return in which the words "Under penalties of perjury" are crossed out above his signature.

| | | | |
|---|--|-------------------------------|---|
| 36 Enter amount of line 35 you want. Credited to 1988 estimated tax | | Refunded ▶ 36 | |
| Please Sign Here | Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has knowledge. | | Date 7-20-90 Title P.E.S. |
| | Signature of officer <i>Gerald A. McCann</i> | | |
| Paid Preparer's Use Only | Preparer's signature <i>Matthew A. Donohue, CPA</i> | Date 7/20/90 | Check if self-employed <input checked="" type="checkbox"/> Prepaid <input type="checkbox"/> |
| | Firm's name (or yours, if self-employed) and address <i>DONOHUE, GIRONDA & DORIA, CPAs 252 Academy Street, Jersey City, NJ</i> | E.I. No. <input type="text"/> | ZIP code <input type="text"/> |

Trial Highlights



- Accountant Matthew Donohue testified that McCann lied on five income tax returns, listing fake loans, bonuses and business expenses and not reporting \$15,000 in income.
- Donohue said McCann went so far as to cross out the words "under penalty of perjury" from the standard statement that the returns were true and complete.

public accountant, is a former partner in Donohue's accounting firm, Donohue, Gironde & Doria of Bayonne.

Prosecutors say McCann lied on the tax returns to cover up his evasion of personal income taxes on money that he received in 1986 from Historic Equishares Inc. and MGT Ventures Inc. McCann was president of both corporations.

He is accused of defrauding Southern Floridabanc Savings Association of Boca Raton by secretly diverting most of the thrift's \$300,000 investment in Historic Equishares to an MGT bank account that he controlled. Prosecutors say he spent the stolen money on personal pleasures.

Southern Floridabanc had no control over MGT and its

See ACCOUNTANT — Page 3

It takes a tough guy to kill a tender turkey

By Helene Stapinski
Journal staff writer

Joseph P. Sodano III hands over his business card with a bloody thumbprint over the Jersey City address, leaving no doubts about his occupation: killing birds.

Sodano's Ocean Avenue poultry store, now in its third generation, is crowded with fluffy white turkeys and hungry people this week as Sodano gears up for his busiest holiday.

The turkeys and chickens are not pleased about the impending festivities. With their pink heads twitching, the turkeys run to the back of the room as Sodano, a big, bearded former Marine, searches for an 18-pounder. "You pick it and it's just 10 minutes from chirpin' and burpin'," he laughs.

Sodano, dressed in a bloody apron, rubber boots and a cap that reads, "Once a Marine, Always a Marine," yanks one of the birds up by its feet.

The little girl waiting for her mother's order smiles.

Sodano slits the bird's throat and drains the blood. Then his assistant, Enri-

Sodano, dressed in a bloody apron, rubber boots and a cap that reads, "Once a Marine, Always a Marine," yanks one of the birds up by its feet. The little girl waiting for her mother's order smiles.

que Rivera, drops the little girl's dinner in the boiling water, runs it through the rubber fingers of the plucking machine and guts it.

"I hope you can handle this," Sodano says to the girl, as he wraps the steaming bird in plastic. "You want to put it in your backpack?"

She shakes her head, places the warm body bag in her arms and runs off.

Sodano, 33, has been killing turkeys since he was 8 years old. His grandfather, Joseph, opened the shop in 1932 along with two other businesses in Newark and Morris. The Jersey City store, near the Bayonne border, is the only one left in the family. And it's the last of its kind in Jer-

sey City.

People would rather buy a frozen, chemically treated bird from the supermarket, says Sodano. But the difference between fresh and frozen is like "the difference between eating steak and hamburger," says Sodano.

"They're giving them away in the supermarkets. But do you want dried out turkey meat that tastes like sawdust or one with the juice rolling out of it?"

John Sampson will take the latter. Sampson, who's expecting 60 guests, laughs as his wife, Debbie, stretches her sweatshirt over her nose to kill the smell mingling with the feathers, sawdust and feed.

"I like fresh meat," says Sampson. "I used to kill meat myself. I'm from the hometown. Georgia. Peach country." Sampson will soak the bird in salt water for two hours, let the meat loosen for a day, season it and then cook it.

Sodano, who works seven days a week during the holiday season, knows his customers personally. Latin American and Asian immigrants keep his business alive. Sodano has already sold 800 turkeys for

See IT TAKES — Page 4

Critics seek reasons for Ellis razing plan

By Dan Rosenfeld
Journal staff writer

The National Park Service should first prove 11 buildings on Ellis Island are too dilapidated to be saved before allowing a developer to tear them down and build a conference center, state officials and critics said yesterday.

"The way the Park Service categorized it, we've expressed concern about the demolition," said Gregory Marshall, director of the Division of Parks and Forestry and a member of the state committee which advises the NPS.

"The amount of demolition should be held to a minimum, but to go about and complete restoring those building is just an extraordinary amount of money," he added. "They have to prove that they've exhausted all adaptive reuses of those buildings."

The NPS will hold a public hearing Dec. 17 to discuss the conference center. Ferries will leave from Liberty State Park in Jersey City and from New York to Ellis Island in the late afternoon.

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Inside

WEATHER:



Today: Mostly sunny skies. Highs around 40
Tonight: Cloudy, chance of rain, lows in 30s
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Accountant testifies McCann lied

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disbursement of the thrift's money. Southern Floridabanc expected McCann to use the \$300,000 solely to prepare a development proposal for Liberty State Park, according to previous testimony. Prosecutors say roughly \$50,000 was actually spent on the project, and McCann misappropriated the rest.

Evidence at the trial shows that money taken by McCann from Historic Equishares provided MGT with its main source of income in 1986 and 1987.

Donohue testified that in 1986, MGT paid \$15,641 in personal expenses for McCann. Although McCann was required by law to pay income taxes on the money, he declared none of it on his 1986 personal tax return, Donohue said.

In 1987, MGT paid \$46,174 in personal expenses for McCann, Donohue testified. To account to the IRS for that money, McCann reported a fictitious bonus from MGT on the 1987 personal income tax return that he filed in July 1990, Donohue testified.

Failure to file the 1987 return when it was due in 1988 is one of the criminal charges against McCann, and lying on it when he did file it is another.

Donohue testified that the MGT funds spent for McCann's personal expenses included trips to Caribbean islands, restaurant bills and thousands of dollars in rare coins.

Donohue also testified that McCann lied on the 1986 and 1987 corporate tax returns they filed for MGT. MGT's 1986 return reported a non-existent \$15,640 loan from the corporation to McCann, Donohue testified. McCann first planned to report it as a salary bonus, but that would have disclosed his failure to declare the income on his 1986 personal income tax return, Donohue said.

On MGT's 1987 return, the loan was converted back into a fictitious bonus that included other money McCann received in personal expenses paid by MGT in 1987, Donohue testified.

Assistant U.S. Attorney Eric Tunis asked Donohue about

McCann's signature at the bottom of MGT's 1986 return.

"The words 'under penalties of perjury' have been lined out," Donohue said.

"And were you present when those words were crossed out?" Tunis asked.

"I saw them crossed out," Donohue said. "I am not sure if it was these particular returns. I did see them crossed out on some return."

After Donohue testified that the same phrase was deleted above McCann's signature on MGT's 1987 return, Tunis said, "Did you ever ask Mr. McCann

why he crossed those words out?"

"No, I didn't," Donohue replied.

The Historic Equishares returns were also replete with lies, according to Donohue's testimony. They include false declarations that Historic Equishares spent \$22,000 on rental of office space, \$8,800 on equipment rental and \$31,950 for secretarial and consultant services, Donohue testified.

In fact, Historic Equishares paid no rent at all for office space, and used equipment and secretarial services of Donohue, Girona and Doria, he said.

Historic Equishares and MGT were located in the same converted three-story house as the accounting firm at 253 Academy St. in Jersey City, he said.

Asked by Tunis whether the expenses listed on the 1986 Historic Equishares return were true, Donohue replied, "They do not agree with the actual cash disbursements."

Tunis turned Donohue's attention to the statements McCann signed on the Historic Equishares returns declaring his statements to be truthful.

"For 1986, the word 'perjury' has been lined out, and for 1987, the word 'perjury' has been lined out," Donohue testified.



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 Police Officer Edward Kist, Jersey City
 Fire Captain Dennis Mangin, Secaucus

Valiant Teamwork Award Recipients

Sergeant Martin DeAcutis, North Bergen
 Patrolman John Mulholland, North Bergen
 Patrolman Dennis Pinto, North Bergen
 Patrolman Scott Sullivan, North Bergen

Deputy Chief Aide Roger Estabrook, Union City
 Firefighter Carmine Flora, Union City
 Lieutenant Arthur Heydorn, Union City
 Firefighter Juan Jaurequi, Union City
 Firefighter Anthony Mai, Union City
 Firefighter Joseph Quigley, Union City

1990

Detective Dennis DeStefano, Jersey City
 Sergeant Edwin Gillan, Jersey City
 Detective Anthony Guma, Jersey City
 Police Officer Anthony Michael Gouveia, Kearny
 Detective Edward Hart, Jersey City
 Firefighter William Jimenez, Jersey City

1989

Firefighter Anthony Aвило, Weehawken
 Firefighter Dave Curtis, Weehawken
 Fire Captain Timothy Kearney, Jersey City
 Police Investigator Anthony Lisi, Jersey City
 Emergency Medical Technician Robert Quigley, Weehawken
 Patrolman Kenneth Sheehan, East Newark

1988

Firefighter Michael Collette, Union City
 Police Officer Christopher Henne, Jersey City
 Firefighter James K. Kearny, Jersey City
 Police Officer Dennis McCabe, Jersey City
 Firefighter Robert Osborn, Kearney
 Police Chief James Sisk, Bayonne
 Fire Chief Thomas Tormey, Union City

1987

*Police Sergeant Donald P. Carroll, Jersey City
 Firefighter Donald Holling, North Bergen
 Police Officer Ralph Vuolo, Kearny

1986

Police Officer Richard Hussey, Jersey City
 Police Officer James McDonald, Jersey City
 Trooper William McGuire, New Jersey State Police
 Police Officer Edward Myers, Jersey City
 Firefighter Drew Vagts, West New York

1985

Firefighter Frank Bentivegna, Jersey City
 Police Officer Robert Cannon, Jersey City
 Police Officer Oscar Fernandez, West New York
 Trooper Paul S. Morris, New Jersey State Police
 Police Officer Thomas Richards, West New York

*Killed in the line of duty

*In Memoriam

Fire Captain Louis N. Simone, Jersey City, 1989
 Police Officer Samuel Wilson, Jersey City, 1989
 Firefighter Robert Mazzo, Hoboken, 1988
 Firefighter Lenny Radumski, Bayonne, 1988
 Sergeant Donald P. Carroll, Jersey City, 1987

Each day dozens of our uniformed public servants become involved in dangerous confrontations and life-threatening situations. Often they perform acts of extraordinary bravery demanding special recognition.

The 200 Club of Hudson County was formed in 1984 as a non-profit organization to ensure that these deeds are never neglected or forgotten. Membership in the 200 Club is open to all persons who live or work in Hudson County.

The objectives of the 200 club are simple and straightforward:

- To acknowledge the achievements of law enforcement officers, firefighters, and emergency medical technicians in the line of duty
- To provide recognition for heroism above and beyond the call of duty
- To ensure prompt financial support for the families of officers who lose their lives in public service
- To offer educational assistance to public safety officers and their children, especially in times of need

200 CLUB OF HUDSON COUNTY

473 Broadway, Suite 308

P.O. Box 227

Bayonne, N.J. 07002

OFFICERS:

STEVEN R. ROSS, *President*
 H. MICKEY MC CABE, *First Vice President*
 JOHN F. BELTON, *Second Vice President*
 DANIEL F. BECHT, *Secretary*
 RAYMOND CATLAW, *Treasurer*

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SEARS

correction notice

On page 14 of the Sears November 28 advertising section you may have received, there was an error. The photograph for item #1873 basketball on sale for "2 Hours Only" is incorrect. The item number and pricing shown are correct. Also, on page 16 the item #79734 electric blower is incorrectly listed as a blower/vac combo. This unit is a blower only and will not accept an optional vacuum attachment. We regret any inconveniences these errors may have caused.

CORRECTIONS

on the following items advertised in our Friday, November 29th sale circular:
 Page 15M. Disney's Fantasia video. Limited supply due to an unprecedented demand. No rainchecks.
 Page 25M. Oneida 45-pc. flatware set for eight. Shipped late. Yes, rainchecks.
 Page 27M. Natural finish Windsor-style chairs. Not available. No rainchecks.
 Page 27M. Slate blue folding card table. Shipped late. Yes, rainchecks.
 Page 33M. MZH 5-lb. oversized sleeping bag. Correct prices are sale 24.99, reg. 29.99, not sale 29.99, reg. 39.99 as stated.
 Sorry for any inconvenience.

Gradiates

11-3-7 '91

Newest Thomas-Hill debate is literally off the wall Page 19



■ **Gorbachev unhappy as U.S. may recognize Ukraine independence** Page 14
 ■ **Gadhafi says Libya won't surrender 2 men accused in Flight 103 bombing** Page 14

Hawkes leads Prep into state football playoff clash Page 37



THE JERSEY JOURNAL

125th Year — No. 78 ★ ***

Friday, November 29, 1991

35¢ Home Delivery — \$1.45 weekly

Police step up patrols on Avenue C

By Peter Benedict
Journal staff writer

Bayonne police are beefing up patrols in the area of 19th Street and Avenue C, after several fights and a stabbing there last weekend that resulted in court complaints of aggravated assault and terroristic threats.

Fights, stabbing near 19th Street prompt increase

"We do have beefed up plainclothes division (officers) in there," Deputy Police Chief Thomas Lavin said. He said the officers are covering a three- or four-block area near 19th Street and Avenue C.

"We're trying to keep the heat up, so we keep the heat down," Lavin said.

Michelle Taylor, 25, of Avenue C, who was slashed with a razor during a fight early Sunday morning, filed complaints of aggravated assault in Bay-

onne Municipal Court Monday against her alleged attackers, police said.

Taylor claims Dawn Rankin, 31, cut her back with a razor blade — requiring 22 sutures at Bayonne Hospital — and Darryl Turner, 28, sprayed her

face with mace, said police.

The victim also filed court complaints of simple assault against Shawanda Jacobs, 21, Tanya Turner, 27, Donald Jacobs, 22, Emery Baskerville, 22, Keith Jacobs, 40, and Lori Porch, 22, said police. Taylor claims the five

See BAYONNE — Page 6

Teachers may get gloves

AIDS prompts call for new safety gear

By Pete Donohue
Journal staff writer

UNION CITY — This era of increasing concern about the AIDS epidemic may usher in new classroom equipment for public school teachers — rubber gloves.

Dr. Jose Berges, medical director for the Union City Board of Education, wants to equip all district teachers with two pairs of disposable latex gloves to be used when assisting injured or sick students. He is awaiting school board action on a funding proposal for the distribution program, which may be the first of its kind in the state.

"It certainly is unique," said Debbie Scott, spokesman for the New Jersey Education Association. "It's the first time I've heard of the idea."

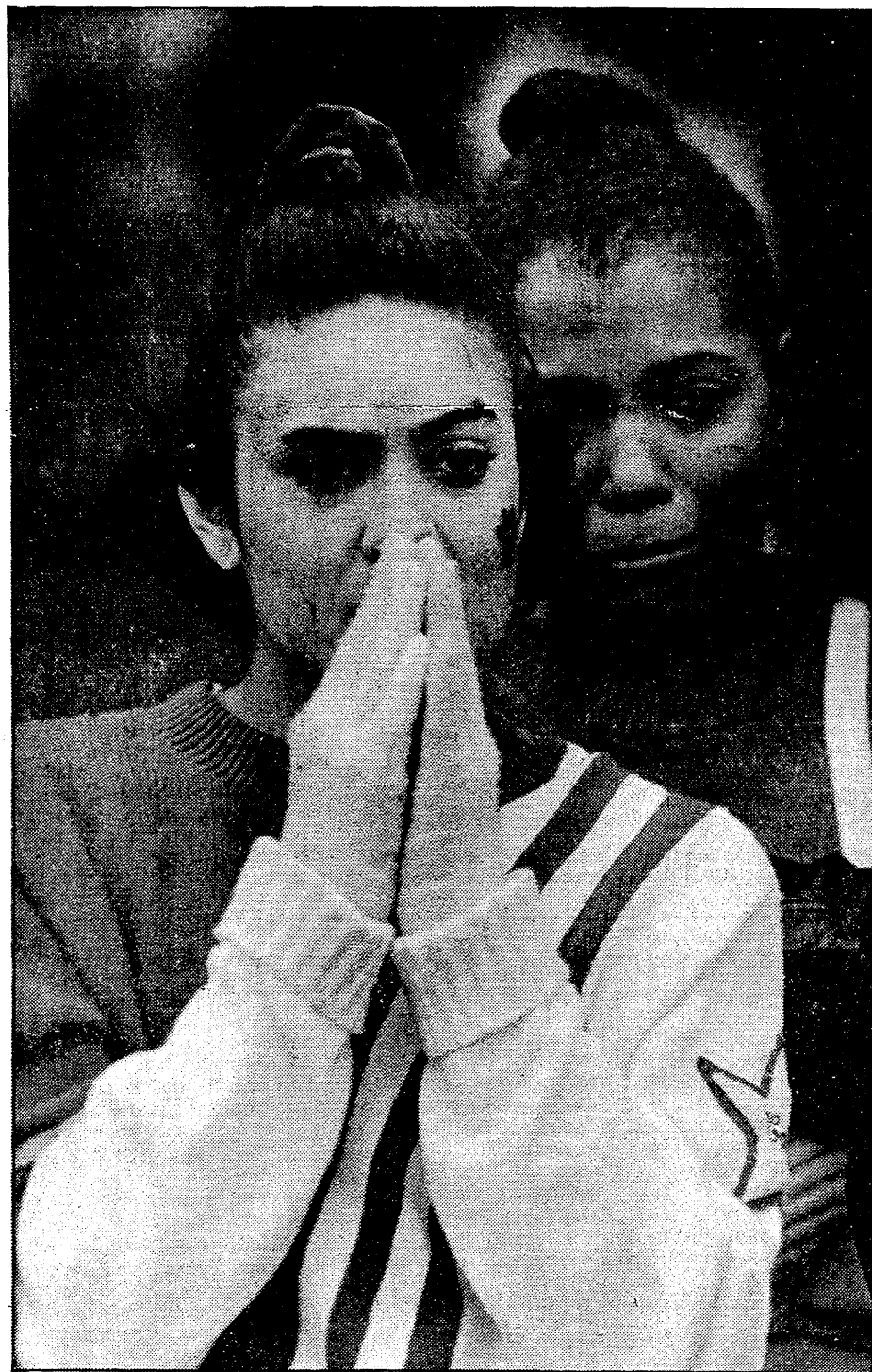
Scott and several educators lauded the proposal, which goes beyond state health and labor regulations aimed at preventing the spread of AIDS. Under those regulations, school districts must make training and appropriate supplies for the handling of blood and body fluids available to their staff members, authorities said. A district does not have to give each teacher an in-class supply of gloves, although they sometimes can be obtained upon request from a school nurse, local and state education authorities said.

"It's a good preventive measure," said Bob Dorset, president of the Union City Education Association, which represents most of this district's teachers. "You never know when someone has the disease."

Under state law, parents do not have to notify school officials that a child has AIDS, said Philip Brown, director of the Bureau of Student Support Services within the state Department of Education.

See TEACHERS — Page 6

Losing some holiday cheer



These Emerson High School cheerleaders don't have much to cheer about as their football team loses a heartbreaker to cross-town rival Union Hill in the annual Thanksgiving matchup in Union City. Story on page 37.

CPA says half mayor's money never declared

Accountant calls omission an 'oversight'

By Michael Finnegan
Journal staff writer

TRENTON — Prosecutors in the trial of Jersey City Mayor Gerald McCann expect to rest their case on Monday with testimony of an IRS agent who will summarize McCann's alleged income tax evasion and bank fraud.

McCann's attorney, Matthew P. Boylan, said the defense would call seven or eight witnesses and finish its case by the end of next week. McCann is likely to testify, Boylan said.

In his third day of testimony on Wednesday, McCann's accountant, Matthew Donohue of Bayonne, called McCann's failure to report \$15,641 in taxable income on his 1986 tax return an "oversight."

"We just overlooked it and failed to consider it," Donohue testified.

Trial Highlights

- Accountant Matthew Donohue called McCann's failure to list \$15,000 in income on his 1986 tax return — nearly half his total income for that year — an "oversight."
- A sports arena designer testified that McCann's company paid his firm to design an arena — using Floridabanc's money — in 1985, before Floridabanc had given McCann authority over its investment.

McCann received the money in the form of personal expenses paid by MGT Ventures Inc., according to Donohue. McCann was president and part owner of MGT.

Donohue, who prepared McCann's 1986 return, said McCann gave him none of the credit card bills and invoices showing that MGT spent \$15,641 on restaurant meals, rare coins and travel expenses for McCann that year. McCann, who is a cer-

See ACCOUNTANT — Page 7

McCann dismisses city's acting mayor

By John Petrick
Journal staff writer

Jersey City Mayor Gerald McCann has rescinded his appointment of Harold Ruvoldt, Jr. as acting mayor after naming him to the position in July.

McCann stated his decision to remove Ruvoldt from the post in a letter to City Clerk Robert Byrne, though no explanation is given.

The letter was discovered yesterday after the agenda for next week's City Council meeting was released with the letter listed on it.

Ruvoldt said he did not know of the mayor's decision until being contacted for comment by The Jersey Journal.

"It is the mayor's right to do that if he wishes. Maybe he prefers someone else to me," Ruvoldt said, adding he did not know who his successor would be.

"It's totally within the mayor's responsibility," he said, adding he was not upset by the news and that the job entailed little anyway. "Except for one grant I signed while the mayor was in San Diego, I have not been required to do anything as acting mayor anyway."

Ruvoldt said the decision could not have anything to do with McCann's trial, as he would

not automatically become acting mayor should McCann be convicted. "The City Council must appoint an interim mayor pending a special election," he said.

Ruvoldt was appointed to serve as acting mayor "at any time that I am not available," McCann specified in his July 14 letter of appointment.

Ruvoldt currently also serves as corporation counsel for Jersey City.

Inside

WEATHER:



Today: Chance of rain, then sunny, highs in 50s
 Tonight: Partly cloudy, lows in 30s to upper 40s

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Santa has had to lay off 2 reindeer

By Bill Campbell
Journal staff writer

There's a rumor going around that won't make too many retailers happy. And don't tell your children about it either, unless they appreciate lumps of coal in their stockings.

"Santa has already laid off two reindeer and it looks like Donner and Blitzen will be next," said James Hughes, an economist and professor of urban planning at Rutgers University.

Enough said. The holiday season of 1991 is shaping up as one of the stingiest ever, as consumers cut back on spend-

He's worried as consumers cut back on Yule spending

ing in the wake of an uncertain national economy.

High regional unemployment, pressure from increased consumer debt and uncertainty are putting a strain on budgets and many retailers say they would be happy if current sales matched last year's levels.

What's more, retailers moan, because of a quirk in the calendar, the Thanksgiving-to-Christmas shopping period — which can account for half their profits — is six days

shorter this year.

"We're just holding our breath and hoping for the best," said a sales clerk at Stern's in the Newport Centre mall.

In the hopes of snaring stingy holiday shoppers, major retailers like Sears and Bradley's have already announced major pre-Christmas sales and others are following suit.

If a sampling of holiday shoppers in Jersey City and Secaucus provides any indication, consumers will be tak-

ing a wait-and-see approach this year: wait for the sales and see if they're in line with budgets.

"I'll sit back and wait for the big discounts the week before Christmas," said Linda Robinson, a 33-year-old systems analyst from Jersey City. "It's frustrating to buy something and see I could have saved another 25 percent by waiting."

"We're reassessing what's a necessity and what's frivolous," said Larry Umberger, a 40-year-old divorced father of three young children. "There'll be fewer toys and more practical items like clothing and

See CONSUMERS — Page 7

Accountant: McCann overlooked half his income

Continued from Page 1

tified public accountant, kept the records in his desk drawer, Donohue testified.

Donohue acknowledged that with only about \$19,000 in taxable earnings disclosed on his 1986 return, McCann failed to report nearly half his income that year.

On cross-examination by Boylan, Donohue said McCann ultimately paid taxes on the \$15,641 when he declared it as

income on his 1987 personal tax return. McCann filed the 1987 return in July 1990 after learning his finances were under federal investigation, according to Donohue.

Prosecutors say McCann lied on the 1987 return, reporting the income as a fictitious bonus from MGT to cover up his evasion of the taxes that were due in 1986.

As president of MGT, McCann also reported the

"bonus" on MGT's corporate tax return for 1987. On Tuesday, Donohue testified that above, McCann's signature on the MGT return, McCann deleted "penalties of perjury" from the standard statement certifying the return was true and complete. Donohue said he did not know why McCann crossed out the phrase.

In other testimony on Wednesday, Barton Eberwein, a sports arena designer from

Portland, Ore., testified that MGT paid \$6,745 to his former employer, Western Wood Structures, to design a municipal arena for Scranton, Pa.

Eberwein's testimony seemed to contradict a statement McCann made in July 1990 to FBI Agent Paul Gardner and a federal prosecutor. McCann told them he had approval of Southern Florida Banc Savings Association of Boca Raton to spend part of a

\$300,000 investment he managed for the thrift on the Scranton development proposal, Gardner testified on Monday.

But representatives of Southern Florida Banc have testified that they never authorized McCann to spend any of the investment on the Scranton proposal. And according to Eberwein's testimony, Western Wood received its money in 1985, before Southern Florida Banc gave McCann any control over its \$300,000 investment.

Nearly all of MGT's income came from the Southern Florida Banc investment.

McCann is charged with defrauding Southern Florida Banc out of most of the \$300,000 by hiding from the thrift his transfers of most of the money to MGT, and misusing it for personal enjoyment. He is also charged with evading income taxes on the stolen money and lying to the IRS to cover up the tax evasion. He denies wrongdoing.

Consumers appear cautious with their holiday spending

Continued from Page 1

books."

According to Hughes, the current holiday shopping climate is a result of a two and a half year economic decline. "There's been a considerable lack of purchasing power and the lack of an economic underpinning," he said.

"A lot of people are worried that in six months they may not have a job and want to pare down debt. There's another group who are sure they'll re-

main employed but feel conspicuous consumption is out and virtue is in," Hughes said.

But not all retailers are feeling a pinch. Lechters, Inc., a Harrison-based specialty houseware chain with 440 nationally stores, this week reported a 14.8 percent increase in sales for the four week period ended Nov. 23.

The company, like other retailers selling lower priced home-oriented goods, is expecting to benefit as people spend

less and stay at home, said Mike Anthony, vice president of merchandising for Lechters.

"There's a demand for basic need items because there's utility in those products," he said.

So what will or won't make consumers to spend more this year?

Lowering credit card interest rates has been proposed as a way to entice consumers into spending more. But credit card debt continues to mount, even

at high rates, leading economists to believe that lower rates won't result in increased spending.

The Federal Reserve reported last week that credit card balances shot up 12 percent in September to about \$232 billion, and from \$220 billion last December. "It doesn't matter if rates are lowered to zero. If people are leveraged to the hilt they're not going to borrow any more," said Kenneth Nielson, president and chief executive

officer of HUBCO, Inc., the parent of Hudson County Bank.

Hudson County's unemployment rate stands at 8.2 percent, well above the national level of 6.8 percent. Although the rate normally drops in December as the retail sector hires seasonal workers, "we're just not hiring as many," one store manager said.

Moreover, fears of unemployment are holding those with jobs to reexamine their spending. "There's no guar-

antee that a job today means a job will exist tomorrow," said Hughes of Ristomers.

Consumer confidence in the economy appears to be at a low. A report issued Wednesday by the Commerce Department report shows that Americans' personal consumption spending fell by 0.3 percent in October. It was the second decline in three months and the biggest setback since a 0.5 percent drop in April.

BAYONNE TOWN CENTER The Heart of Broadway

Broadway Bayonne

Between 19th & 27th Streets

There's
No Place
Like Home
For The
Holidays

FREE Parking in Bayonne
Every Night From 6P.M. to 9P.M.
At All Municipal Lots

Broadway, Bayonne, Hudson County's finest shopping Avenue. Safe, well-lit streets and plenty of convenient parking await you. Come see all that's new for Christmas. All stores are holiday ready and offering the finest merchandise at sensible prices. Get in the spirit, stroll along Broadway, enjoy the sounds of Christmas. Whatever you're looking for, it's all on Broadway, between 19 and 27th Streets.

THE BAYONNE TOWN CENTER
Cordially invites everyone to our annual
CHRISTMAS LIGHTING

CEREMONY

TONIGHT AT 6PM

Bet. 23rd & 24th Sts.

Bring the kids to see
SANTA CLAUS arrive by
Fire Engine. Free Gifts for
the Children

Bring These Holiday Dollar Coupons to Your Friendly Participating Town Center Merchant
Displaying Posters with Coupons on the Doors and Windows Located Between 19th & 27th Sts.

| | | | | | |
|--|--|--|--|--|--|
| COUPON \$1.00 BROADWAY BAYONNE SAVING DOLLARS <small>*OFF a \$10 Purchase</small> <small>Broadway, Bayonne, 19th to 27th Sts Coupon good today thru Sat. 11/30/91</small> | COUPON \$1.00 BROADWAY BAYONNE SAVING DOLLARS <small>*OFF a \$10 Purchase</small> <small>Broadway, Bayonne, 19th to 27th Sts Coupon good today thru Sat. 11/30/91</small> | COUPON \$10.00 BROADWAY BAYONNE SAVING DOLLARS <small>*OFF a \$100 Purchase</small> <small>Broadway, Bayonne, 19th to 27th Sts Coupon good today thru Sat. 11/30/91</small> | COUPON \$10.00 BROADWAY BAYONNE SAVING DOLLARS <small>*OFF a \$100 Purchase</small> <small>Broadway, Bayonne, 19th to 27th Sts Coupon good today thru Sat. 11/30/91</small> | COUPON \$5.00 BROADWAY BAYONNE SAVING DOLLARS <small>*OFF a \$50 Purchase</small> <small>Broadway, Bayonne, 19th to 27th Sts Coupon good today thru Sat. 11/30/91</small> | COUPON \$5.00 BROADWAY BAYONNE SAVING DOLLARS <small>*OFF a \$50 Purchase</small> <small>Broadway, Bayonne, 19th to 27th Sts Coupon good today thru Sat. 11/30/91</small> |
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and Jersey Observer
Hudson County's Leading Newspaper
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In Our Opinion

Focus on too much overtime

Considering the past problems with the Hudson County Jail, the recent controversy over mandatory extra shifts at the jail is very troubling.

An official with the county corrections officer union complained about officers being docked pay for refusing mandatory overtime without providing a doctor's note.

The county cannot be faulted for asking for a note for officers who claim to be ill and county officials say they have a legal authority to mandate overtime.

But a union official's comment — that "plenty of officers" work 60 hours or more every week — is distressing. Excessive mandatory overtime, whether or not it is permissible under the union contract, entails a risk of making the employees less productive and less efficient.

Too much overtime may produce stress that merely exacerbates the attrition rate of employees.

It's also a bad signal to give to corrections officers at a time when county officials are expecting them to learn a new, improved system for dealing with prisoners.

If the county has to mandate that much overtime, it would seem that it really needs more corrections officers.

The county may also have to do more to get the state to find room for its own prisoners. Keeping too many state prisoners at the county facility in Kearny worsens prison overcrowding, which increases the need for overtime for corrections officers.

Mark Russell says

Not made up: One provision in the federal crime bill calls for the death penalty for killing a government chicken inspector. It's a small deterrent, but at least Frank Perdue will feel a little safer.

In Your Opinion

Reporter put assault victim on trial

On Oct. 30, your paper contained an article on a woman who admitted that money was her main motive in suing the Newark Police Department. Ms. Turner charged that she was choked and assaulted by a Newark police officer who is already on trial for misconduct and aggravated assault.

The article by Joseph Neff was unfair to Ms. Turner and strayed away from the main issue. The main issue should have been that she is a victim. This should have been the main focus of the article. Instead what I read about were her violations on welfare regulations, habitual drinking, and that she "had six miscarriages." While reading the article, I had to keep reminding myself that it was about a woman who was attacked by a police officer. The article kept focusing on the negative aspects of Ms. Turner's character that came up during the trial. Mr. Neff chose to present a one-sided view of Ms. Turner's character. He reported on what occurred at the trial and chose to include what he felt was important.

The role of a reporter is to be a representative for the people reading the newspaper who could not be at this trial. Therefore, what he chooses to include or exclude from his article has a major impact on his readers. I do not feel that Mr. Neff included everything he could have in order to portray Ms. Turner as a victim instead of some sort of criminal. This article is a reflection of a society where victims are the ones who must prove themselves and show that they should be taken seriously.

YVETTE OPIZO
West New York

Election system in need of reform

In the 1988 presidential election, about half of those who were eligible voted, continuing a 20-year trend. And every year, the so-called experts have tended to blame the victims (the citizens of our country) for being apathetic and not performing their civic duty.

For our part, the League of Women Voters has grown



impatient with this outdated, unfair mentality. The "experts" do not acknowledge that too many Americans who want to vote can't because the barriers to voter registration make it difficult to register. Nor do they tell you that in states with liberal voter registration laws like New Jersey, voters are still staying away from the polls because they have become discouraged, disillusioned and cynical.

Understandably, many tax-paying citizens feel frustrated by the dominant role of political action committees in campaign financing; negative, low-level campaigns conducted by those running for even the highest political offices; incumbents who don't seem to care what the voters think or how they feel; staged "debates" in which the pertinent issues are not faced squarely; and difficulty in getting the information needed in order to make an informed choice on election day.

We are alarmed that the only political system we have is unresponsive to citizens' needs and concerns, seems to be controlled by special interests, and often fails to provide effective leadership. This same system is also dominated by career politicians, consultants and media "handlers."

The League feels that it is time for the voters to take back the system — their system — and to demand some fundamental changes, includ-

ing campaign finance reform. Our democratic process was designed to work for the people and to be responsible to them. We know it is being abused, and we also know that it is time to act.

ARLENE CONNOLLY
Kearny
President
League of Women Voters
of Hudson County

Don't block true progress

For about a half hour tonight, I was talking to none other than the friendly neighborhood people of the Coalition for a Better Waterfront.

CBW had a rather detailed street map of the waterfront area at their location on Washington Street in Hoboken. Knowing of this group's reputation against development (and, needless to say, their vehemently anti-Port Authority stance, always a popular political move), I expected to see their proposal as to what to do with this prime property. Their answer? Open space. Allow me to translate: nothing.

One gentleman preferred things before "those developers" came in and made stories where there were lots, places to live where there were dumps, etc. Apparently, his colleague, a Hoboken Jane Fonda wannabee, couldn't see the benefit of a place such as the South Street Seaport.

Neither could understand

the advantages of economic activity to an area and seemed to feel this would detract from the "small town environment." Perhaps Washington Street should have been made into an organic farm instead of the very nice collection of restaurants, cafes and shopping boutiques everyone can now enjoy.

Not surprisingly, there was considerable resentment against Newport Centre and similar communities.

This is nothing more than the age-old story of the bitterness of the have-nots against the haves. Yes, I am a young, single person who can afford to pay the admittedly insane rents at Newport and yes, I realize that this goads those local people living for years in those back street areas of Hoboken and Jersey City.

But, unlike the sadly misguided CBW, I would want this currently unused property to generate monies, a part of which could be mandated to help some of the less fortunate residents — a far better way of helping others than to allow land to waste away for nothing.

A plan to do nothing, to keep the status quo, is not a valid plan!

I am not suggesting unchecked development. I am suggesting improvement, advancement, and a better city. Speak up, don't allow small vocal minorities like this group to ruin the chances

for everyone. Even a child can spot a fool when they see one.

STEPHEN KRAUS
Jersey City

Officials helped reader immensely

On Oct. 22, an opinion column was written by Helene Stapinski ("Long Wait for Equality"). In the article she stated that I had not yet received a reply from Senator Lautenberg or Rep. Guarini.

I would like a correction made if possible, that from the beginning (1988) Sen. Lautenberg and Rep. Guarini have been more than helpful in helping me break through the red tape of the Postal Service. If not for their tireless efforts, my complaint that the Postal Service has discriminated against me would have surely been swept under the carpet. Publicly I would like to say thank you.

JAMES SHIPMAN
Jersey City

Write to us

Any In Your Opinion letter should include the writer's name, address and daytime phone number, for verification purposes. Typed letters are preferred. No letters will be returned. All letters are subject to condensation.

China has large, inept military

DALIAN, China — The ubiquitous presence of soldiers in this port city and throughout China's primary cities is evidence of the return to an old dictum of Mao Zedong: "Political power grows from the barrel of a gun."

Deng Xiaoping neglected his military for several years leading up to the Tiananmen Square massacre in 1989. He had cut the world's largest standing army from 4 million to 3 million and repeatedly slashed the budget.

But the military's bloody success on the battlefield of Tiananmen Square earned them a new respect from Deng and the others in the paranoid, octogenarian "Gang of Eight" that rules China from behind the scenes. Deng increased the military budget 12 percent this year, despite the fact that his government is running at a deficit.

On paper, the Chinese military has always been impressive — the world's largest air force and army and the second largest navy. If everyone in the reserves and militia and others with military experience throughout China were counted, China's military manpower would exceed the entire population of the United States.

But in practice, the Chinese military is second-rate. They lost a 16-day war with Vietnam in 1979. Some 26,000 Chinese were killed and 37,000 wounded, and the Vietnamese didn't even need to bring out their front-line troops.

The post-mortem from that skirmish was scathing. Tanks rolled beyond their supply lines so they ran out of gas and spare parts. Vehicles broke down and there weren't enough mechanics to fix them. The Chinese didn't have the equivalent of Meals Ready to Eat (MREs), so they sent fresh food to the front and it spoiled. A single map was issued to each company and the maps disinte-

JACK ANDERSON



grated in the rain. Radios didn't work so runners on foot had to deliver messages.

The Chinese military was simply out-maneuvered, out-gunned and embarrassed by a much smaller Vietnamese force with superior weapons and tactics. The Chinese initially pushed 35 miles into Vietnam, were forced into a humiliating retreat and have not returned again.

Military modernization is a priority today in China after Deng was shocked by the dazzling performance of American weaponry in the Persian Gulf War. One article in the Chinese military newspaper Jiefang Junbao admitted on the front page last March that "some comrades believe that nothing can be achieved with available weapons. If this negative mood is not dispelled, it will be impossible to make a success of training reforms."

The article lamely advocated that the military make do with what it had and remember Mao's words that it is people, not weapons, who win wars. But Mao tried to make a virtue out of necessity. He crafted a "People's War" strategy that counted on sheer numbers. The strategy would allow an invader to land on Chinese soil, and then would wear out the invader by constant and overwhelming guerrilla sniping.

Until Deng can afford to modernize his army, he will keep them in fighting form by using them in their easiest roll — to repress their own people.

MINI-EDITORIAL — The Bush re-election campaign is bouncing like a ping-pong ball from every volley by the Democrats. The Democrats slam, and Bush reacts with excuses, hostility and everything but solutions to what ails America.

Mayor an inviting target, but that's not an excuse

During the federal investigation, and now during the trial, of Jersey City Mayor Gerald McCann, an often-heard comment is that he would never have been prosecuted if he weren't who he is.

That may be true. If so, it's sad. But perhaps even sadder is the implication by some people that because he's mayor, he shouldn't have been prosecuted at all.

There's no question that convicting McCann, the mayor of the second largest city in New Jersey, would be a very large feather in any prosecutor's hat. McCann has said his position is the only reason he's being prosecuted.

What's the other side of that reasoning? That is he wasn't mayor of a major city, it would be okay to defraud a bank of \$300,000? That's the charge, isn't it? McCann has not been charged with the crime of being mayor of Jersey City.

Right now McCann is innocent. He's innocent until and unless a jury says otherwise.

The defense says McCann might have unwisely spent the money, but he didn't do it illegally. Call it a bad loan. Call it mismanagement. But don't call it fraud, says the defense. If the defense prevails, more power to attorney Matthew Boylan and to McCann.

If they have proof McCann was specifically targeted because he is mayor, shame on the federal government.

But to say he shouldn't have been prosecuted if there's strong suspicion of bank fraud, to argue it's only because he's mayor that he's now in court, is no defense.

Certainly there are some people involved in the nation's savings-and-loan mess who have escaped criminal prosecution. That doesn't mean everyone suspected of being involved should be excused.

Ask yourself this: Could you go into a bank, borrow \$300,000 and not have to worry about paying it back?

As for the trial itself, things don't look good for McCann. But that's not unusual, since the case so far has been the prosecution's. Presumably, the defense will present witnesses to soften the impact of testimony elicited by the prosecution.

Perhaps the most damaging testimony so far came from accountant Matthew Donohue, who testified that the mayor directed him to prepare false income tax returns. The government says those returns were intended to cover up the bank fraud which constitutes the core of the charges against McCann.

PETER WEISS



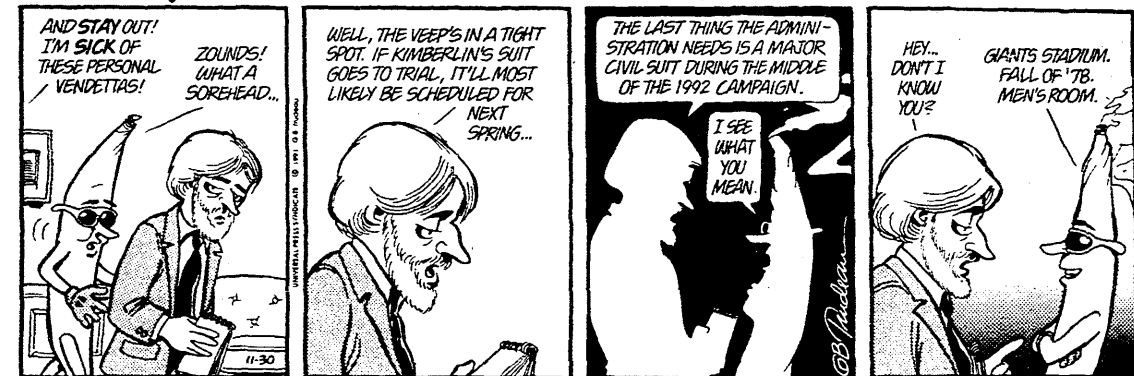
What makes that testimony so damaging is that Donohue is a longtime friend of McCann and his former accounting partner. That had to make an impression on the jury.

Other key testimony has included that from officials of the Florida bank which gave McCann the \$300,000 loan. They said the loan clearly was supposed to be used only for a very specific development project, not for the jewelry, cars, trips and gifts for which the government says McCann used it.

Boylan is going to have to produce witnesses to testify that they believed, either from what they gathered from McCann or from their own independent knowledge, that they loan wasn't being illegally spent "knowingly and willfully."

Observers at the trial say Boylan hasn't been able to significantly discredit the testimony of prosecution witnesses. But as in most trials, the defense can only take the punches the prosecution throws and hope it's not too battered to mount an effective counterattack when its turn comes.

Doonesbury



The Revolution continues in Fort Lee
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Giants, Jets stumble Page 21

Bruins, Marist triumph Page 21

THE JERSEY JOURNAL

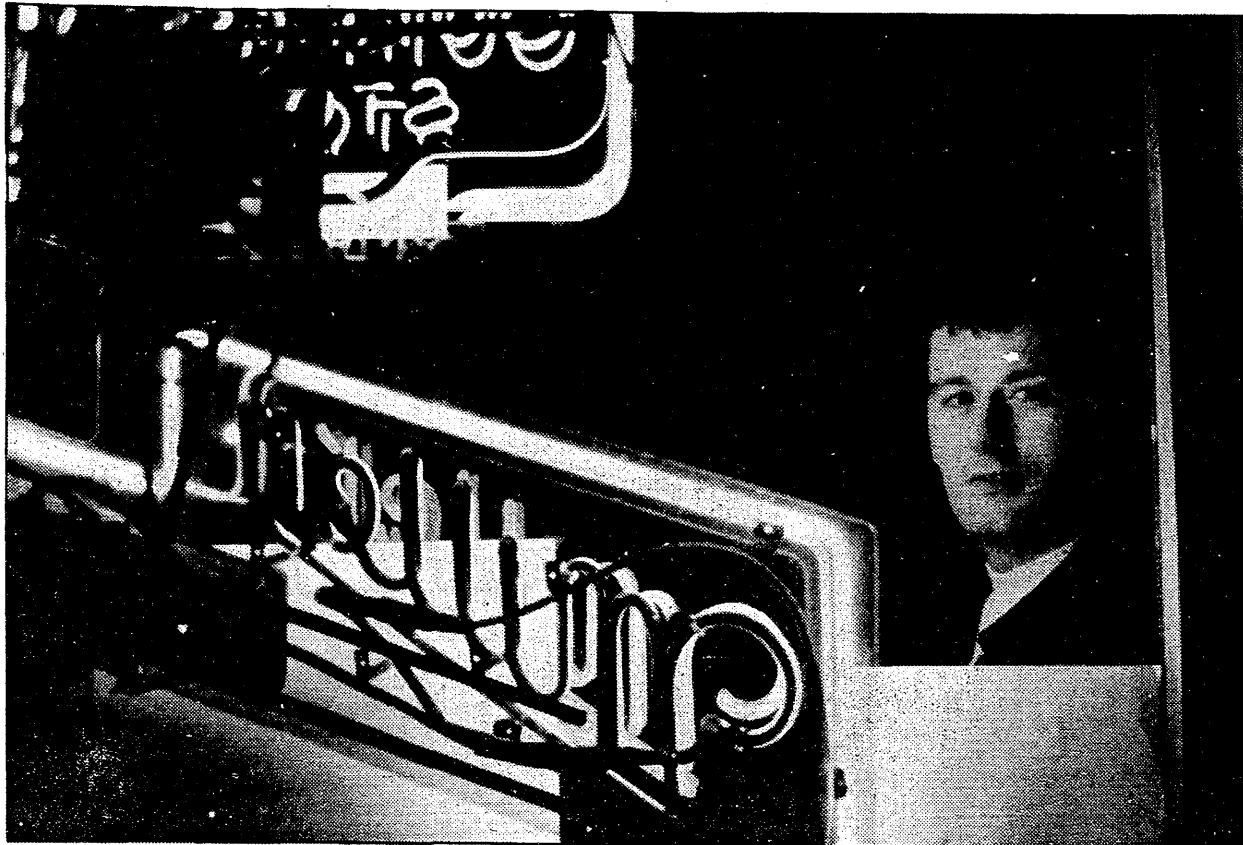
125th Year — No. 180 ★ ***

Monday, December 2, 1991

35¢

Home Delivery — \$1.45 weekly

Fortune's dealt Irishman a new homeland



Journal photo by Don McCoy

No more looking in from the outside for Irishman P.J. Cowley who scooped a green card in the federal government's immigration lottery; the Hoboken resident is one of 12,000 winners in the first draw.

It's a great day for (one of) the Irish!

By Greg Wilson
Journal staff writer

HOBOKEN — To some, hitting the Lottery means vacations, yachts, expensive cars and never having to work again.

To P.J. Cowley, it represents a chance to move to a recession-plagued, crime-ridden nation where some can't find work.

"Ah, but it's still the greatest country in the world," said Cowley, a Hoboken resident formerly of Dublin, Ireland. "You Americans forget how good you have it sometimes."

Hobokenite winner in immigration lottery

Tall and lanky with closely cropped hair, Cowley is one of 12,000 winners in the first round of an immigration lottery held by the federal government. During December, 38,000 more applicants will learn they won. There were more than 19 million applications for the 50,000 slots. Many who applied for the lottery sent hundreds of forms in hopes of increasing the odds of winning.

"I could live in New Jersey the rest

of my life," said Cowley, his eyes sparkling with enthusiasm. He has also seen Pennsylvania and Massachusetts.

But the real benefit for Cowley is that, with the green card, he'll be able to visit his family in Dublin freely and return to his new home. Cowley explained that illegal residents living in the U.S. on expired visas are trapped here in a sense, because it's difficult to reenter the U.S. after going home. But deportation never worried Cowley as he lived here illegally the last year. "I always longed to go home, anyway. So if they had caught me, I just looked at it as a free flight home," he said.

See IT'S — Page 7

McCann bid for mistrial turned down

Judge denies any questioning of accountant spoiled case

By Michael Finnegan
Journal staff writer

TRENTON — The federal judge at Jersey City Mayor Gerald McCann's bank fraud trial has denied a request by McCann's attorney for a mistrial.

A prosecutor's interrogation of McCann's accountant, Matthew Donohue, made it "hopeless" for the mayor to get a fair trial, attorney Matthew P. Boyland told the judge.

And if the questioning on Tuesday by Assistant U.S. Attorney Eric Tunis continued, Boyland argued, jurors could end up thinking they were judging "a classic case of political patronage and corruption."

What upset Boyland were questions about the more than \$120,000 in fees paid by McCann's mayoral campaign committees to Donohue's accounting firm, Donohue, Gironde & Doria of Bayonne.

And questions about the \$60,000 in rent that McCann never paid the firm for his use of its luxury apartment at Port Liberte. And about the cuts of real estate deals at Port Liberte and in Bayonne and Florida that Do-

nohue and others let McCann have without requiring any payment from him.

And about the more than \$15,000 in consulting fees and small cash payments from Donohue, Gironde & Doria to McCann,

Trial notes

who is a former partner in the firm, from 1985 to 1987.

"When Mr. McCann left office (in 1985), he had the practice of hitting you up for about \$100 a week in cash. Is that right?" Tunis asked.

"Well, it wasn't always \$100, but he would ask us for money during the week," Donohue replied.

"On average, is \$100 fair to say?"

"Actually it was somewhat less than \$100. Maybe \$60, \$80."

"And you became tired of that practice, is that right?"

"Correct."

"You wanted to gain some credit for having given him this money?"

"Correct."

"And as a result you put him

See JUDGE — Page 7

Tax collections beat expectations

City nets 2.5 percent more than predicted

By Steven Kalcanides
Journal staff writer

Bayonne's tax collection rate for the first six months of 1991 was 96.2 percent, a 2.5 percent increase over what the city had anticipated collecting during the transition period to a new fiscal calendar.

City Finance Director Terence Malloy said the city expected the tax collection rate for the period from Jan. 1 to June 30 to be 93.7 percent.

"Anytime your tax collection

is less than 100 percent, it means you could have done better," he said when asked to comment on the collection rate for the transition period.

"But the collection rate for the first six months of 96.2 percent was slightly better than what we had anticipated," he said.

The city had anticipated a lower collection rate after reviewing the same six-month period in previous calendar years

See CITY — Page 6

Hostage Cicippio being set free today

BEIRUT, Lebanon (AP) — A Shiite Muslim group said it would be releasing American hostage Joseph Cicippio today, and the United Nations reported "important progress" in freeing the remaining Western hostages.

The Revolutionary Justice Organization, in a statement delivered before dawn to a Western news agency and the independent Beirut newspaper an-Nahar, said it would free Cicippio at 11 a.m. local time (4 a.m.

EST).

The statement was authenticated by a photograph and a videotape of Cicippio, 61, of Norristown, Pa., who was acting comptroller of the American University of Beirut when he was abducted Sept. 12, 1986.

"The Revolutionary Justice Organization announces that it will free the American Joseph Cicippio at 11 a.m. at the Beau Rivage Hotel," the nine-line Arabic statement said.

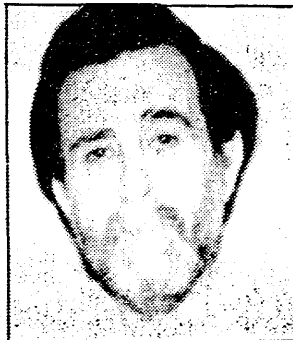
It said U.N., Syrian and

Iranian officials should come to the hotel to take delivery of the educator.

The group has delivered similar invitations to attend hostage releases at the Beau Rivage only to free the captive in Syria while dozens of reporters and cameramen waited at the hotel.

The statement said the organization had received "reassuring guarantees" about future

See HOSTAGE — Page 7



Joseph Cicippio

Hudson surgeon debuts use of new technique

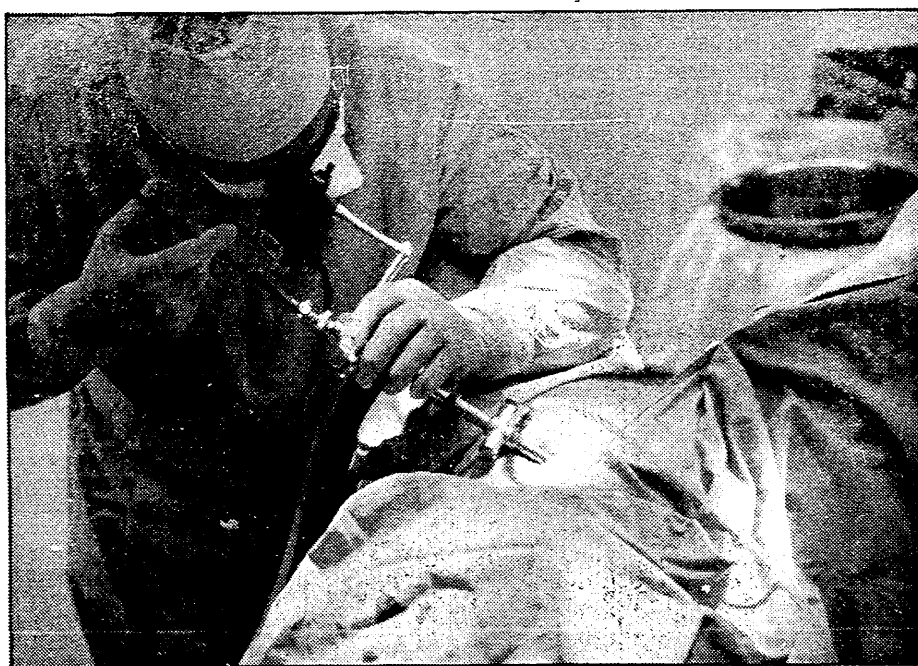
By Peter Benedict
Journal staff writer

A Bayonne surgeon was the first in the world to do a complete hysterectomy with a small camera through a single, keyhole-sized incision.

The technique, single-puncture laparoscopy, which requires a shorter hospital stay and allows for quicker recovery, was first performed by Dr. Mario A. Pelosi last fall.

Pelosi makes a single, 10-millimeter incision below the navel to insert a telescope-like camera, a laparoscope, so he can see inside the abdomen. Surgical instruments are inserted through the laparoscope during an operation.

Multi-puncture laparoscopic surgery has been around for



Bayonne Dr. Mario A. Pelosi performs single-puncture laparoscopic surgery. The small telescope-like camera pictured, a laparoscope, is used to see internal organs as well as insert surgical instruments.

Beat boiler blues

By Helene Stapinski
Journal staff writer

You dart out from your warm bed, scuttle across the freezing floor, and wonder why you haven't heard that familiar clanking radiator in your apartment. Once you get under the steaming shower, everything will be fine, you think.

But there's no hot water. And no heat.

The temperature is finally dropping in our re-

See BEAT — Page 6

Inside

WEATHER:



Today: Rain in the afternoon. High, upper 40
Tonight: Rainy and windy.
Lows in upper 30s
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See HUDSON — Page 6

Judge throws out motion for mistrial in McCann case

Continued from Page 1

on the books?"

"Correct."

"This is a way you could declare the payments to him as a deduction. Is that right?"

"Correct."

"That wasn't the only reason you paid him these consulting fees. Is that right?"

"Correct."

"You hoped he would cut you in on his own private business deals. Is that right?"

"We hoped he would include us on his business deals and we hoped he would also recommend us to people that he knew for accounting services."

"He was very good at that, wasn't he?"

"Yes."

"In fact, he was better at bringing work to your accounting firm than he was in cutting you in on his private business deals?"

"That's true."

"Because his private business deals weren't particularly successful. Is that right?"

"We thought they were, but we never got included."

"As far as you know, were any of his business deals successful?"

"No."

In his motion for a mistrial,

Boylan told U.S. District Judge John C. Liffand that prosecutors had misled the court about Donohue's potential hostility as a government witness. Because of Donohue's close relationship with McCann, prosecutors won permission from Liffand to ask him leading questions.

But Donohue "is so complacent in his answers," Boylan said, "so thoroughly cowed by the 20 to 25 hours that he spent with the government that he can't do enough to answer the government correctly."

"It is hopeless at this point, if this continues, that he will get a fair trial, because what you are

having put before the jury is what the jury will perceive to be a classic case of political patronage and corruption, if you will, in the sense that favors were done and favors exchanged."

"And it has absolutely no bearing on the fact that this man has already testified in the grand jury that he is willing to give Mr. McCann, lock, stock and barrel, to the government in terms of his tax returns."

But Liffand found no basis for a mistrial.

"The questions that have just been elicited about a political relationship and a mutually

beneficial relationship involving campaign accounting services, and the rainmaking by Mr. McCann for the witness's accounting firm, have come without objection until now," Liffand said.

The government's last witness, an IRS agent, is scheduled to take the stand this morning.

The agent is expected to use a series of charts to explain what McCann did with a \$300,000 real estate investment that he managed for a Florida savings and loan. Prosecutors say McCann misappropriated most of the money for personal use,

evaded taxes on the stolen money and lied on his tax returns to cover up the tax evasion.

McCann's attorney sought to block or limit prosecutors' use of the charts.

"The thrust of these exhibits is to overwhelm the jury with information it doesn't need," Boylan told Liffand on Wednesday. But Liffand ruled that prosecutors could use the charts, as long as they make a few minor modifications.

"The movement of money is clearly a relevant subject for this jury to consider, and a summary of it is certainly appropriate as evidence," Liffand said.

It's a great day for an Irishman in Hoboken

Continued from Page 1

Cowley made plans to return to Dublin for a visit in the same phone conversation with his mother in which he learned he'd won. She got him out of bed at 6 a.m. Nov. 19 to tell him the application he'd sent from his Dublin address had proved a winner.

This year's lottery is skewed to advantage immigrants from 34 nations that have been under-represented recently. Irish organizations lobbied hard to ensure at least 20,000, or 40 percent, of the winners are Irish. Poland is guaranteed 12,060 slots; Japan 6,413; Great Britain 3,054; Indonesia 2,947; Argentina 1,453; Germany 657; France 636; Italy 469; Norway 287 and Czechoslovakia 261.

Cowley, who lived in Lyndhurst until moving to Hoboken last week, said he gravitated last year to the pub scene in Hoboken, where several Irish who still face his former plight hang out. "Nothing's changed with me and my mates just because I'm legal," Cowley said. "Everybody's still in the same boat. We all left home for the same reasons."

As an example of Ireland's economy, Cowley said it took him 10 weeks' wages to make downpayments on a car and insurance, something he said he can do here on a week's salary.

"It's a shame we all have to leave home, but there's nothing for us," said Cowley, noting two more of his seven siblings have left home for England. "I feel sorry for my mother and father."

Liam Benson, owner of O'Donoghue's Bar in Hoboken, said he knows of about a dozen Irish immigrants who won the lottery. He said many are still suspicious, preferring to wait until the green card is in their hands to celebrate openly.

Cowley believes the influx of his countrymen will benefit the U.S. economy. A chef in his homeland, Cowley had no trouble finding lucrative construction work here. He makes over \$500 a week, working 55 hours in six days.

"All we want to do here is work," Cowley said of the estimated 100,000 Irish immigrants living illegally in the U.S. "We're known for having a few beers, but nothing keeps us from working hard."

Hostage being set free today

Continued from Page 1

moves by the United Nations to gain the release of Arab prisoners held in Israel, Israel's self-styled "security zone" in southern Lebanon and in Europe.

The United Nations has been seeking to arrange a comprehensive swap of Western hostages and the hundreds of Arab detainees.

The announcement followed the release yesterday of 25 Arab detainees by Israel's allied militia in southern Lebanon. It also came after last month's releases of American Thomas Sutherland and Briton Terry Waite.

Meanwhile, U.N. hostage envoy Giandomenico Picco was in the Syrian capital of Damascus, where he met with Syria's foreign minister.

A U.N. statement, issued at Picco's request in Damascus late Sunday, said: "A basic understanding has also been reached on a comprehensive approach to the remaining humanitarian issues," including the freeing of Lebanese detained by Israel and its proxy force in south Lebanon, and toward recovering Israelis missing or dead in Lebanon.

Both factors are key to resolving the hostage ordeal, which U.N. Secretary-General Javier Perez de Cuellar said would be over by Christmas.

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THE KEARNY BOARD OF EDUCATION WILL HOLD A BUDGET WORKSHOP AND CONTINUED DISCUSSION REGARDING THE EARLY RETIREMENT INCENTIVE PROGRAM ON THURSDAY, DECEMBER 5, 1991 AT 7:30 P.M.

AND

A BUDGET WORKSHOP WILL BE HELD ON MONDAY, DECEMBER 9, 1991 AT 7:30 P.M.

BOTH MEETINGS WILL BE LOCATED IN THE BOARD ROOM, 100 DAVIS AVENUE, KEARNY, NEW JERSEY.

THE BOARD MAY BE REQUIRED TO ENTER INTO CLOSED SESSION TO DISCUSS PERSONNEL MATTERS.

At 80, Ginger Rogers reflects on life

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- Cicippio freed, fellow U.S. hostage Steen due to be released next Page 10
- Ukraine voters give birth to 'new state'; Gorbachev reign imperiled Page 10

Mets set to sign deal today with Bobby Bonilla
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THE JERSEY JOURNAL

125th Year — No. 181 ★ ***

Tuesday, December 3, 1991

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Plastics added to city's recycling

By Steven Kalcanides
Journal staff writer

Bayonne residents can begin recycling plastic bottles and jars this Thursday.

The new addition to recycling pickups represents the first time city residents can keep plastic out of the Kear-

Move will save precious space at landfill in Kearny

ny landfill.

"While the recycling of the plastic containers won't help the city too much financially, it will significantly reduce the volume of solid waste that takes up valuable space in our dwindling

landfills," Mayor Richard A. Rutkowski said yesterday.

Plastic bottles can be added to the same containers that hold commingled glass, aluminum and tin, the mayor said.

Residents should check the bottoms of plastic bottles to see that they have a number 1 or number 2 stamped with-in a triangle, said William Bull, city recycling coordinator, since only those plastic bottles will be accepted.

Acceptable plastic bottles include soda bottles, milk gallon containers, spring water or juice jugs, liquid detergent, shampoo and hair conditioner bottles, Bull said.

Unacceptable plastics include bottles stamped with a number 3 or higher

See PLASTICS — Page 4

Township rallies for a little boy

Brain tumor takes its toll on 5-year-old

By Gretchen Lang
Journal staff writer

NORTH BERGEN — Meet Eric John Fischbach. He's 5 years old. He likes: Nintendo, Ghostbusters and Hulk Hogan. He doesn't like: anesthetologists and being sick.

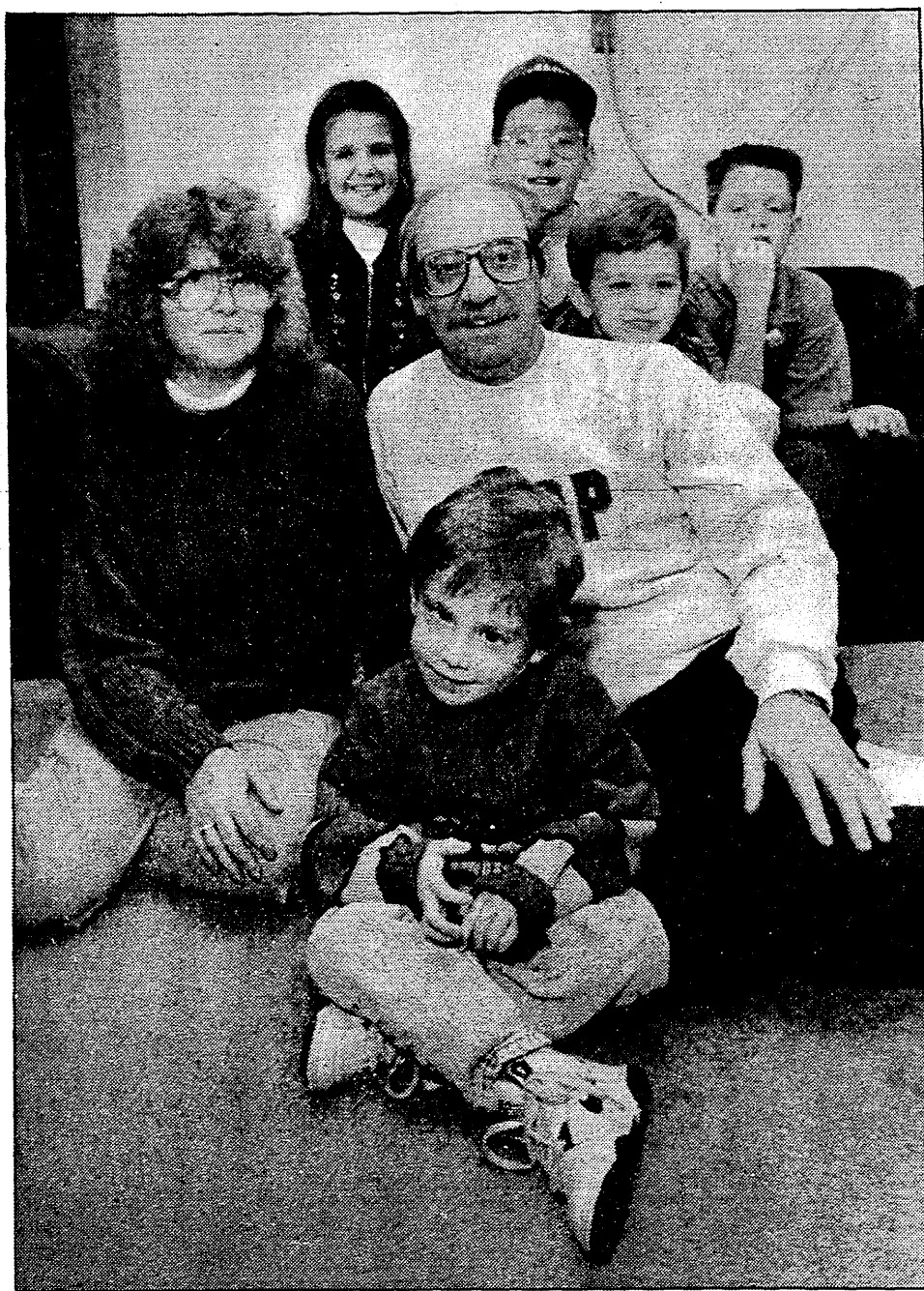
Eric has seen plenty of the things he doesn't like since he was diagnosed with a brain tumor last July. The little boy has been through seven operations and weeks of intensive radiation therapy in the fight to save his life.

Now his parents, North Bergen natives who moved to Pennsylvania two years ago, need help with their bills and they're finding out that old friends, especially North Bergen friends, are the best kind to have.

"They ripped my heart out," says Terri Fischbach, remembering the day the doctors gave her the news. "You always think it could only happen to some other kid."

Just in from Philadelphia for Thanksgiving dinner, the couple sits at Terri's sister's dining room table in a house bustling with kids. Eric sits happily with his cousins, eating pizza, eyes glued to TV wrestling. Only the slight tilt of his head and a swelling at the base of his skull testify to the weeks of pain he has endured.

"From the time he was 7 months old, we knew something was wrong," said Gary Fischbach, a shipping supervisor for



Eric Fischbach, 5, foreground, enjoys a holiday with his family in North Bergen away from the Pennsylvania hospital where he has spent the past five months undergoing cancer treatments. Behind him are his parents and other relatives.

See TOWNSHIP — Page 4

Prosecutors rest case in McCann trial

By Michael Finnegan
Journal staff writer

TRENTON — Prosecutors rested their case in the trial of Jersey City Mayor Gerald McCann yesterday with testimony by an IRS agent that McCann failed to report more than half his income on his 1986 tax return.

McCann claimed in the return that he earned a salary of \$19,000 that year from MGT Ventures Inc., but in fact the company paid him an additional \$23,259 in unreported personal expenses, IRS Agent Susan Grant testified.

McCann was president and part owner of MGT, a real estate development company that explored projects from 1985 to 1987 but never built anything.

Among the undisclosed personal items that MGT bought for McCann, Grant testified, were \$7,218 in tickets to sporting events, including the 1986 Major League All-Star baseball game at the Houston Astrodome. Grant disagreed with previous

Trial Highlights

- The prosecution rested its case yesterday with the testimony of a federal tax agent.
- The agent said that McCann used Floridabanc's money to lease a Mercedes-Benz, buy season tickets and pay off \$40,000 in credit card bills.
- The agent said McCann transferred \$240,000 to his own account by writing 41 checks, each for under \$10,000 to avoid bank reporting limits.

testimony by McCann's accountant that the sports tickets were legitimate MGT expenses.

"In my opinion it's purely personal," she said. "There was no documentation that indicated there was any business transacted before, during or after the events."

MGT also picked up the \$2,245 personal portion of McCann's \$12,455 lease of a

See PROSECUTION — Page 5

Cities ask revision of law on arbitration

By Steven Kalcanides
Journal staff writer

The New Jersey League of Municipalities, the organization that represents the interests of the state's municipal governments, has asked the state Public Employment Relations Commission to revise the binding arbitration law covering police and fire unions.

Charging that the 1977 law "has had a serious detrimental effect" on the budget process,

the League wants the commission to require specific consideration of state-mandated budget "caps."

"There is a dire need to lessen the adverse impact of compulsory arbitration awards on municipal governments," the League's resolution states.

At its convention two weeks ago in Atlantic City, the League said compulsory arbitration has caused "excessive increases in property taxes and prohibited

See CITIES — Page 4

Smith depicted as 'cruel, vicious' rapist

3 other alleged victims barred

By Linda Deutsch
Associated Press writer

WEST PALM BEACH, Fla. — William Kennedy Smith listened solemnly yesterday as a prosecutor depicted him as a cruel and vicious rapist and his attorney portrayed him as a man who made love to a willing woman in the moonlight.

The differing versions of the sexual encounter came after a judge decided not to let three other women testify about their claims that Smith had sexually assaulted them in the 1980s. The ruling served to deflate the prosecutor's efforts to show that Smith had a history of abusing women.

See SMITH — Page 4



William Kennedy Smith, right, enters the Palm Beach County Courthouse with members of his family for the first day of testimony in his trial on sexual assault charges.

Inside

WEATHER:



Today: Cloudy, occasional rain, mid 40s to 50s
Tonight: Cloudy, chance of showers, low 35 to 40
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Rare eagle discovered in Bayonne

By Steven Kalcanides
Journal staff writer

A hungry and apparently lost rare Golden Eagle is being nursed back to health by bird specialists after it was found by base workers near a softball field at the Military Ocean Terminal in Bayonne.

Golden Eagles, whose wingspan can measure almost eight feet, usually don't stray far from their native northern ever-

See MOT — Page 4

Prosecution rests case in McCann bank fraud trial

Continued from Page 1

Mercedes 560SL luxury car, Grant said. The IRS accepted McCann's statement that he used the car for MGT business enough to justify the company's payment of the remaining \$10,210, she said.

MGT also paid for McCann's \$1,750 purchase of furs for women who worked at his former accounting firm, Donohue, Gironda & Doria of Bayonne, Grant said.

Prosecutors say McCann got the MGT money for sports tickets, the Mercedes, furs and other personal pleasures by defrauding Southern Floridabanc Savings Association of Boca Raton.

His joint venture with Southern Floridabanc, Historic Equishares Inc., was the source of nearly all of MGT's income in 1986 and 1987.

McCann was supposed to use the \$300,000 that Southern Floridabanc invested in Historic Equishares to prepare a proposal to develop Liberty State Park, according to previous testimony.

But prosecutors say McCann, who was president of Historic Equishares, stole most of the money, evaded taxes on the ille-

gal proceeds, and covered up the tax evasion by lying to the IRS.

U.S. Attorney Michael Chertoff said yesterday that McCann used MGT to "suck" the money out of Historic Equishares to pay personal bills — such as one from Toys-R-Us — which had "no conceivable relevance to anything the bank was investing in." Southern Floridabanc had no control over MGT.

In all, McCann diverted \$240,700 from Historic Equishares to MGT, calling the transfers "consulting fees," Grant testified.

To hide the diversion from Southern Floridabanc, prosecutors say, McCann transferred all the money out of Historic Equishares' bank account in amounts less than \$10,000. For withdrawals of more than \$10,000, Southern Floridabanc's approval was required.

Evidence presented to the jury by Grant shows that McCann had Historic Equishares transfer the entire \$240,700 to MGT in 41 checks under \$10,000.

On one occasion, he transferred \$11,250 to MGT in two checks on the same day, one for \$8,000 and another for \$3,250.

McCann's credit card bills show that he bought round-trip tickets from New York to Santo Domingo and from Newark to Fort Lauderdale for himself and Mary Jane Dough. The bills also show that he often used MGT's American Express and Diners Club cards to dine at such swank Manhattan restaurants as Harry's Bar in the Sherry Netherlands Hotel on Fifth Avenue.

And twice, McCann transferred \$9,000 from Historic Equishares to MGT on one day and \$6,000 the next. On another occasion, McCann transferred \$8,000 to MGT on one day, and \$7,000 two days later.

Of the funds diverted to MGT from March 1986 to June 1987, Grant testified, McCann used \$42,112 to pay his credit card bills, including \$13,900 for rare coins and stamps, \$9,427 for travel, \$6,255 for meals and \$3,656 for jewelry. The travel included trips to Santo Domingo, St. Croix, Florida and Texas, Grant testified.

"In my judgment, a good portion of that was personal, since he took a companion with him," she said.

McCann's credit card bills show that he bought round-trip

tickets from New York to Santo Domingo and from Newark to Fort Lauderdale for himself and Mary Jane Dough. The bills also show that he often used MGT's American Express and Diners Club cards to dine at such swank Manhattan restaurants as Harry's Bar in the Sherry Netherlands Hotel on Fifth Avenue.

McCann's attorney, Matthew P. Boylan, said McCann reported all the personal expenses paid in 1986 by MGT on his 1987 tax return.

But prosecutors say McCann didn't report the income on the 1987 return until July 1990, about three months after learning his finances were under federal investigation. They say false statements on the 1987 return were part of his coverup of the 1986 tax evasion.

Prosecutors also say McCann, who is a certified public accountant, carried the coverup further by lying on the 1986 and 1987 corporate tax returns that he filed in June and July 1990 for MGT and Historic Equishares.

The personal expenses paid by MGT in 1986, evidence at the trial shows, were reported on MGT's 1986 return as a non-taxable "loan" to McCann, but converted on MGT's 1987 return into a taxable salary "bonus." Prosecutors say the "loan" and "bonus" were fictitious.

McCann's accountant, Matthew Donohue, acknowledged in testimony last week that McCann created the "loan" and "bonus" in 1990. Above his signature on the MGT returns, McCann deleted "under the penalties of perjury" from the standard statement that the returns were true and complete, Donohue testified.

According to Grant, McCann should have paid the IRS \$6,503 in personal income taxes for the 1986 expenses paid by MGT when he filed his 1986 personal income tax return in March 1988.

Grant's testimony also indicated that the Historic Equishares returns were full of false information.

Chertoff asked her about Historic Equishares expenses that McCann reported as \$22,000 for office rental, \$8,800 for equipment rental, \$22,000 for secretarial services and \$22,000 in "other development fees."

"What was the actual rent paid by Historic Equishares?" Chertoff asked.

"Nothing," Grant replied.

"What was the actual equipment rental paid by Historic Equishares?"

"Nothing."

"What was the actual secretarial fees paid by Historic Equishares?"

"Nothing."

"What were the actual 'other development fees' paid by Historic Equishares?"

"Nothing."

Donohue testified last week that McCann deleted "perjury" from the statement above his signature on the Historic Equishares returns.

According to Boylan, the defense will begin presenting witnesses this morning, starting with David Wallace, a Philadelphia urban planning consultant to the Liberty State Park Development Corporation.

New telephone service for deaf, speech impaired

TRENTON (AP) — Gov. Jim Florio yesterday kicked off a new telephone service for the deaf, hearing impaired and speech impaired.

The service, provided by AT&T, was inaugurated by Florio with a telephone call to Gertrude Galloway, superintendent of the Marie A. Katzenbach School for the Deaf.

"The routine telephone calls we all take for granted ... can be impossible for many New Jersey residents," Florio said. "I'm proud to inaugurate a telephone service that is so crucial to giving many of our state's residents full use of the telephone, 24 hours a day."

The service enables people who are deaf, hard of hearing or speech impaired to communicate by typing a message on a device called a Text Telephone. The message is sent to an AT&T communications assistant, who reads them to the hearing person. The assistant then types the hearing person's responses to the Text Telephone user.

The conversations are kept confidential, officials said.

The new system replaces a system operated on a volunteer basis with limited staff and sometimes limited hours.

State regulators have said the service's \$6 million annual cost will be divided among the state's 4.8 million telephone lines, for an added \$1.25 a year per line.

AT&T will initially operate the system from its Wayne, Pa. office. The company plans to open a relay service center in Hamilton Township, Mercer County, by March.

The company estimates that the New Jersey Relay service will initially handle up to 20,000 calls a month. The company says that this number is expected to increase to about 100,000 calls a month by 1994.

Turnpike resurfacing set to begin tomorrow

Resurfacing of the Newark-Jersey City Turnpike in Kearny is scheduled to begin tomorrow, according to the Hudson County officials.

Milling and overlaying from Schuyler Avenue to the Route 280 interchange in Kearny is expected to be done, officials said.

Maintenance and protection of traffic will be coordinated by Hudson County police.

Two-way traffic will be maintained at all times, but traffic delays should be expected, they said.



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THE JERSEY JOURNAL

125th Year — No. 82 ★ ***

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Schools revise policy on drug abuse

By Peter Benedict
Journal staff writer

The Bayonne Board of Education has revised its substance abuse policy to address student steroid use and to deal with students arrested off school property on drug charges.

"Our new policy is now dealing with

Suspension, mandatory counseling will follow arrests

kids who are getting into trouble outside of school," said John Skripak, Student Assistant program director.

The policy was amended by a board vote last week to include a 10-day suspension for any student arrested on

drug charges, he said. The revision was made in response to inquiries by parents and residents about how the district handled students arrested for drugs outside the schools, said Skripak.

He said arrested students must report for drug counseling to the district's

Project Connect at the Police Athletic League on East 24th Street. There, they would also be required to do homework for two hours each day while under suspension.

Another policy revision allows such students to remain suspended, while

receiving home instruction, for as long as it takes for the police charges to be resolved in court, said Skripak.

"State law is dictating that we have to deal with suspected cases of kids using steroids," he continued.

Skripak said that when a school em-

See SCHOOLS — Page 4

Perfect weather for soggy toes



Journal photo by Bill Bayler

Pedestrians making their way through Journal Square yesterday evening had little to smile about as a day that began with miserable rain ended with more of the same.

'Obstacles blocked McCann proposal'

Ex-manager outlines project's problems

By Michael Finnegan
Journal staff writer

TRENTON — Insurmountable obstacles blocked a corporation run by Jersey City Mayor Gerald McCann from submitting a proposal to build a marina at Liberty State Park, a defense witness testified yesterday at McCann's bank fraud trial.

The corporation, Historic Equishares Inc., faced "quite a few possible deal killers" that prevented it from meeting the August 1986 deadline to bid on rights to develop the marina, said the witness, Arthur G. Hatzopoulos.

Hatzopoulos, a deputy development director in McCann's first mayoral term, was the Historic Equishares manager of the failed Liberty State Park project.

Among the troubles, he testified, was difficulty meeting a requirement by the Liberty State Park Development Corp. that marina bidders submit a non-refundable \$500,000 bond to back their proposals.

Another was a sewer pipeline outlet near the proposed marina site in the Morris Canal, "which makes it a less than de-

Trial Highlights

- The defense called its first three witnesses yesterday.
- Former city deputy development director Arthur Hatzopoulos, who was involved in McCann's marina development bid, said several obstacles prevented him from meeting the proposal deadline.
- Hatzopoulos said Historic Equishares explored several other development proposals, none of which panned out.

sirable place to have a pleasure boat," he said.

Also, the Park Development Corp. gave too little time to prepare the proposal, and too little time to secure the government permits needed to operate the marina, Hatzopoulos said.

Although Historic Equishares submitted no bid, four other developers did, and in September 1986, one from Philadelphia won the right to build the 750-slip marina.

Prosecutors say that McCann failed to tell the principal backer of Historic Equishares,

See OBSTACLES — Page 4

Smith accuser cried for help, says friend

Edward Kennedy listed as prosecution witness

By Linda Deutsch
Associated Press Writer

WEST PALM BEACH, Fla. — A friend of the woman William Kennedy Smith is accused of raping, testified yesterday she rushed to the Kennedy estate in response to a cry for help and found the woman disheveled, shaking and crying hysterically.

But the testimony of Anne Mercer came under sharp attack by Smith's lawyer because she accepted \$40,000 to tell her story to a tabloid TV show. Attorney Roy Black sug-

gested she tailored her story to intrigue TV producers after "You realized you could cash in on the Kennedy name."

"No, I did not," she said adamantly.

The prosecution, also said yesterday, it would call Smith's uncle, Sen. Edward M. Kennedy, as a witness, and accused the defense of trying to orchestrate the senator's testimony.

Mercer, 33, who had gone out on the town with Smith's accuser on Good Friday night, said she saw the woman leave a disco with Smith at about 3 a.m. At about 4:15 a.m., she said, she re-



William Kennedy Smith

ceived a call from the woman who was hysterical.

"What did she say to you?"

See SMITH — Page 4

52 acres on waterfront up for sale

By Bill Campbell
Journal staff writer

A real estate development group headed by billionaire D.K. Ludwig has hired Cushman & Wakefield to sell off its 52-acre tract of prime undeveloped land on Jersey City's waterfront at Harsimus Cove.

The site is the largest undeveloped parcel of waterfront property in the city and the de-

See WATERFRONT — Page 4

Bartenders get AIDS advice to help promote safe mixing



Dr. Adelwale Troutman of United Hospital in Newark speaks in Jersey City about the myths of AIDS and HIV.

By John Petrick
Journal staff writer

"Remember that old song, 'Love the One You're With'?" said Cynthia Scott as she covered her index finger with spermicide and inserted it into a condom. "That used to be lousy advice. But not anymore."

Scott's motherly charm was interestingly at odds with the frank language she used while standing behind a veritable buffet of contraceptive devices.

She demonstrated the use of various condoms, jellies, diaphragms and spermicides to bartenders gathering in the Jersey City Council Chambers yesterday.

Scott, education coordinator for Horizon Health Center in Jersey City, was one of many health officials on hand to speak with bartenders invited to a morning conference on AIDS education. Health officials specifically invited bartenders because they are on the scene of potentially dangerous Saturday night pick-ups.

The third annual observance of World AIDS Day was sponsored by the city's Division of Health,

See BARTENDERS — Page 4

Historic pier slated for repair work

By Dan Rosenfeld
Journal staff writer

Restoration of the historic Central Railroad Terminal piers in Jersey City could start as early as February without a guarantee that the Circle Line will move into the prime location, Liberty State Park officials said yesterday.

The \$3.2 million project would not repair all the rotting

See REPAIR — Page 3

Inside

WEATHER:



Today: Sunny, windy, colder, flurries, 30s
Tonight: Cloudy, flurries, cold, upper teens

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'Obstacles blocked McCann's proposal,' says witness

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Southern Floridabanc Savings Association of Boca Raton, that Historic Equishares failed to bid on the project. As president of Historic Equishares, McCann was the top manager of the thrift's \$300,000 investment in the company.

Southern Floridabanc representatives have testified that the investment was meant solely for preparation of a Liberty State Park development proposal.

But prosecutors say Historic Equishares spent only about \$68,000 on the Liberty State Park project. McCann, they say, defrauded Southern Floridabanc by using most of the rest of the money for personal enjoyment.

McCann's attorney, Matthew P. Boylan, denies that McCann was limited by Southern Floridabanc to spending the thrift's money solely for the park project, saying McCann and his two partners were entitled to explore other development proposals. The partners were Thomas Golodik, now a senior City Hall administrator, and William R. Goble, who holds no-bid city engineering contracts.

All of Historic Equishares' business was conducted after McCann's first term as mayor ended in 1985 and before his current one began in 1989.

Hatzopoulos, who was deputy director of the Jersey City Housing and Economic Development

Department during McCann's first term, testified that his first task when he went to work for Historic Equishares in March 1986 was "developing contact" with the Liberty State Park Development Corp.

Hatzopoulos said he was also supposed to "influence the drafting of the RFP (Request For Proposal or bid solicitation) so it would be something we could respond to successfully."

He said he facetiously urged a park corporation official to solicit the marina bids in a small legal ad in the New York Times.

"It was a humorous attempt on my part to get an upper hand on the advertising," Hatzopoulos testified.

The bid solicitation was, in fact, advertised in The Times, but Hatzopoulos said he could not recall if it appeared elsewhere.

Hatzopoulos also testified that he explored a series of far-flung development proposals while on the Historic Equishares payroll. None was successful. Among them were a Hoboken waterfront project with Dell' Aquila Enterprises and projects in North Bergen, Bayonne, Kearny, Newark, New Brunswick and Beach Haven.

But the main focus of his work, he testified, was Liberty State Park. He said he expected the main partner in preparing the marina proposal would be Hilton Head Development Corp. of South

Carolina. Hilton Head, according to Hatzopoulos, was a "big-name resort developer" with enough experience in marina development to pursue the project successfully.

Yet in the end, Hilton Head provided no assistance, Hatzopoulos testified.

Under cross-examination by U.S. Attorney Michael Chertoff, Hatzopoulos said he knew of no work performed by McCann on the Liberty State Park project. Hatzopoulos also said MGT Ventures Inc., the McCann-led company that was a partner in Historic Equishares, paid for none of his personal expenses and gave him no corporate credit cards.

Previous witnesses testified that for McCann, MGT paid for international travel, restaurant meals, jewelry and other personal expenses, much of it charged on MGT credit cards. McCann was president of MGT.

Chertoff ended his cross-examination with a reference to what prosecutors say was a fictitious \$15,640 salary bonus from MGT that McCann reported to the IRS.

Also testifying yesterday was Franklin Hanna Habit II, former vice president of Hilton Head Development Corp. He said Edward R. "Bobby" Ginn III, a principal in Hilton Head, was "very excited" about pursuing the development of Liberty State Park with McCann.

Habit said McCann discussed the project in late 1985 with Ginn and then-Southern Floridabanc Chairman Robert V. Gibbs at the Philadelphia office of David A. Wallace, an urban planner who helped design the master plan for development of Liberty State Park.

Habit also said Ginn's successor as the chief executive of Hilton Head, Luke Taylor, declined to provide financial support for the Historic Equishares project.

This McCann fan finds trial boring

Jean Wolfman paid \$100 for a second row seat to Mayor Gerald McCann's bank fraud trial yesterday.

Admission to District Court Judge John C. Lifland's Trenton courtroom was free of charge. But Wolfman, an energetic senior citizen from Downtown Jersey City, dished out \$100 for a cab ride to the state capital.

A roundtrip train ride from Newark would have cost a mere \$10.50, but Wolfman didn't know where or how to get the train.

From the moment she placed her cane and dripping umbrella down in the courtroom and untied the kerchief around her head, Wolfman knew the day would not be filled with tales of furs and jewels and Mercedes Benzes.

Details of development proposals and feasibility studies from defense witnesses proved to be a bore.

"I thought it would be more exciting," said Wolfman, munching on a Milky Way for a much-needed afternoon sugar boost.

"I came down to see what he's going through," said Wolfman, a McCann fan. "But I'm falling asleep here."

She said the kind mayor

offered her senior citizen housing once, but she turned him down on account of not wanting to move from her Grove Street home.

Wolfman is one of the few spectators to take the hour and a half ride to Trenton to view the high-profile trial. Some disgruntled laid off policemen and other McCann critics have threatened to come down by the busload.

But so far, the audience has been filled with FBI agents and McCann's family and staff.

"I feel sorry for him," said Wolfman. "He hurt himself. He didn't hurt the people. It's a shame."

When and if McCann beats the rap and runs for mayor again, Wolfman won't have to think twice about casting a vote for her favorite politician.

"Certainly I will," she said. But she's not so sure she'll make it down to the trial again. A hundred bucks a pop is a lot when you're on a fixed income.

"Besides," said Wolfman, "it's a long ride."

—Helene Stapinski



Photo by SKYVIEWS

Harsimus Cove South, the Jersey City waterfront tract shown in the photograph outlined in white, is between the Newport development, in foreground, and the Harborside Financial Center.

Waterfront 52-acre tract put up for sale

Continued from Page 1

cision to sell it off in pieces represents a major change in strategy for its owners.

The development group, Harsimus Cove South, initially planned a \$700 million mixed-use development on the property, which is wedged between the Newport development site and the Harborside Financial Center at Exchange Place.

The project, backed by Ludwig's National Bulk Carriers, received approvals for 2,200 condominium units, eight million square feet of office space, a marina and restaurants. Cali Associates, which developed the International Financial Center at Grove Street, was brought in as a partner two years ago.

Ludwig paid \$16.5 million to acquire the property from four industrial owners in the early 1980s. Millions of additional dollars were spent in the permit and site preparation process.

While Newport and Harborside completed key phases of their developments, Harsimus Cove was stalled by a lengthy Army Corps of Engineers permit process

which was completed in 1988 and a Conrail right-of-way dispute that was resolved in June.

Moreover, the development group missed out on the Hudson County real estate boom that transformed the shape of the waterfront.

According to yesterday's announcement, Cushman & Wakefield of New Jersey, Inc., will be the exclusive marketing agent for Harsimus Cove's owners. The firm will market parcels for sale, lease or joint venture.

Andrew Merin of Cushman & Wakefield said the necessary engineering, traffic and preliminary municipal site plan approvals as well as the state and federal approvals for the development have been granted, easing the regulatory process for potential buyers.

Tax abatements have been granted for up to two million square feet of commercial space and the 2,200 residential units. The project site is also located within the city Urban Enterprise Zone, which exempts firms from paying state tax on capital purchases.

Despite the benefits, the county has a glut of empty office space and suffers from a soft condominium market.

"Basically, they're dismantling what they had originally proposed and are just selling off the land to recoup their investment," said a Jersey City office developer who asked not to be identified. "There's no residential market anymore and no big demand for new office space."

Potential buyers at Harsimus Cove South must compete directly with the Newport and Harborside developments. The Newport Office Tower, a one million square foot building that was completed this year, is empty. Harborside also has existing office space and approvals to build three highrise towers.

Additionally, 101 Hudson Street, a 1.2 million-square-foot building, will open this year with a 50 percent vacancy rate.

Tom Leane, the project manager in the Jersey City office of National Bulk Carriers, did not return a call for comment on the project or the marketing agreement.

Bartenders get the word on safe ways to mix

Continued from Page 1

under the direction of Health Officer Robert Vogt and AIDS Coordinator Irene Jessie-Hunte.

The bartenders were encouraged to provide safe sex information, and were urged to take AIDS posters from the conference to hang in their establishments and to install condom machines in their rest rooms.

"The bar represents an institution across the nation," said Dr. Adelwale Troutman, medical director of emergency services for United Hospital in Newark. "This is a creative attempt at reaching more people. When people drink, their judgment isn't as good, they go out, they meet people, and it can be a setup to catching the virus," he said.

"The bar is simply a very good location to provide the equipment for safe sex."

Troutman noted that news of basketball star Magic Johnson's infection may finally make people realize that AIDS is a threat to everyone. "People are finally taking a good look at themselves and saying, 'What about me?'"

But current statistics show that, at least in recent months, teen-agers are not getting the message. According to officials at the conference, about 75 percent of high school students in Jersey City are sexually active. Nationally, 67 percent of high school students have sex and 80 percent of all college students are sexually active, according to studies.

As of Aug. 31, 11,618 AIDS cases among adults and adolescents in New Jersey had been reported to the Centers for Disease Control since June 1981. That represents 6.2 percent of the cases reported nationally for that age group. There were 334 cases reported among children in the state, making up 10.3 percent of the national figure in that age range.

Earl Curry, a bartender at Mark IV on Ocean Avenue in Jersey City, said he was relieved to learn that there was no risk of infection by shaking hands with customers or handling their glasses.

"When it hits home is when you have steady customers and then they don't come anymore because they caught AIDS and

died," he said.

"I have an established crowd. These are working people. Respectable people. Some you'd want to meet and bring to Tavern on the Green. They don't fit the stereotype. And even then, you just never know," he said. "I'm scared to death of it. I just still need to be reassured that I can shake hands, wash glasses, and not have to worry about it."

Has he seen behavior change among his customers?

"I'd say right now, it's about half and half," he said.

Scott noted that while using a rubber with spermicide can reduce the risk of infection, the only way to avoid the virus for certain is abstinence.

Continued from Page 1

asked prosecutor Moira Lasch.

"That she had been raped. She asked me to come and pick her up. She said she was at the Kennedy estate," Mercer said.

When she arrived, she said, the woman was standing at the top of an outdoor staircase.

"She was literally shaking and she looked messed up," said Mercer. "Her makeup was running. She was hysterical crying. She said she had been raped. She asked me to get her shoes. She kept repeating over and over again, 'Where are my shoes?'"

Mercer said she went inside the Kennedy house to look for the shoes and encountered Smith in the dark. He looked disheveled, too, she said.

"I said to him, 'How could you do this to my friend? Where are her shoes?'" Mercer said.

"How did he respond?" asked Lasch.

"No response. Just a shrug," she said.

In a hostile cross-examination, Black sarcastically asked, "You went in the house where the rapist was?"

"I guess you could say that," said Mercer.

"You walked into a dark room with a man who was an alleged rapist?" he asked, following with rapid fire questions to which she answered flatly, "right."

He also elicited her acknowledgement that she told Smith she was sorry they had to meet under these circumstances.

Schools revise policy on arrests for drugs

Continued from Page 1

ployee suspects a student is using anabolic steroids, which are taken by some bodybuilders to increase muscle mass, the student is handled differently than one suspected of drug or alcohol use.

Those students suspected of using steroids are brought to counseling and are not subject to the usual 10-day suspension for other drug-related school offenses, he said.

But the steroid-using student is sent to counseling at the high school's Student Center or Project Connect after an evaluation by the Student Assistance Program Core Team in which the student's academic, medical and disciplinary records are reviewed, Skripak said.

Usually, when a student is suspected of using drugs, the matter is first handled by a vice principal who brings the student to the school nurse to be examined, he said.

But, with steroid use, this direct approach is not possible. The signs of steroid use are different, more subtle, and some students who appear "bulked up" from weight training may not be using steroids, he explained.

The terminology in the substance abuse policy has been revised to specify that counseling through the Student Assistance Program is mandatory for students under the influence of drugs, in possession of drugs or selling drugs.

Also, the program's Core Team in the high school is identified in the policy as the one which received drug abuse detection and prevention training last year, said Skripak.

The current team consists of Skripak; Flor Ann Burnett, guidance counselor; Robert Rucinsky, vice principal; Terry Graham, art teacher; Andrew McCabe, Child Study Team director; Elizabeth Finnerty, nurse; Ray Grafje, a substance awareness coordinator; and Assistant Superintendent Paul Lempa.

The new policy also states that district staff will comply with federal confidentiality requirements, a copy of which is given to all students who come in for counseling, said Skripak. Counselors cannot share the student's secrets with parents or police, except in cases where a student's life or that of others are at risk.

Skripak noted that the policy recognizes that certain classified pupils, like those in special education, will be disciplined according to the rules that govern their status.

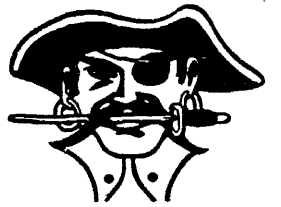
The district's drug policy was last revised in 1988, said Skripak, who joined the district three years ago. The Student Assistance Program he directs has existed for about five years. Four years ago it expanded from serving only Alternative Education students to all students and became more drug-abuse oriented, said Skripak.

**Quality
handiwork
rewarded with
a spot in book**
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THE JERSEY JOURNAL

125th Year — No. 83 ★ ***

Thursday, December 5, 1991

35¢

Home Delivery — \$1.45 weekly

5,000 people face testing for chromium

Bayonne, Jersey City, Kearny included in project

By Dan Rosenfeld
Journal staff writer

Five thousand Hudson County residents who live and work near chromium sites will be tested for diseases caused by the toxic heavy metal, state health and environmental officials announced yesterday.

Health workers will walk door-to-

door in Jersey City, Bayonne, Kearny, Weehawken, Secaucus and Newark to find volunteer test subjects. Up to 2 percent of Jersey City residents will be asked to give urine samples and have their blood pressure tested.

Forty-two percent of Jersey City

and Bayonne homes examined by environmental officials — and 4 percent of their residents — tested high for chromium contamination, according to an earlier and much smaller study by the Department of Environmental Protection and Energy.

The ground-breaking \$1.4 million study, which has been dubbed the Chromium Medical Surveillance Project, will be the first American attempt to trace the direct health effects of widespread environmental contamination. Japanese health offi-

cials have conducted a study in chromium-contaminated neighborhoods.

"The only precedence to this is the examination of people in Tokyo," said Jerald Fagliano, project manager. "The reports we've been able to obtain have been difficult to interpret."

The first outreach workers will hit

See CHROMIUM — Page 4

Exxon accepts penalty

Firm to pay \$3M,
clean up the soil

By Joseph Albright
Journal correspondent

TRENTON — Exxon Corp. has agreed to pay a \$3 million fine and clean up soil and ground contamination at its Bayonne Terminal, Bayway Refinery in Linden and the Linden Technology Center, state officials said yesterday.

Exxon, the world's largest oil company, will also have to clean chromium-contaminated areas at its Bayonne plant under the agreement, Department of Environmental Protection and Energy officials said.

Environmental officials said the ground water and soil contamination was most likely the result of mishandled petroleum products and waste. Petroleum hydrocarbons can be volatile and toxic.

Under three Administrative Consent Orders, Exxon will also post a \$50 million financial assurance bond to insure it will clean the three sites.

Exxon has agreed to conduct studies of the three sites and implement cleanup remedies deemed appropriate by the DEPE.

"The agreement with Exxon represents a welcomed long-term commitment to address environmental problems," said DEPE Commissioner Scott Weiner.

"We're pleased to have reached a successful agreement with Exxon," said Attorney General Robert Del Tufo.

Lance Miller, DEPE assistant commissioner for site remediation, said the soil and ground water contamination from petroleum hydrocarbons at the Bayonne Terminal and Bayway Refinery most likely resulted from waste-handling procedures prior to current environmental regulations.



Journal photo by Scott Lituchy

Jersey City Administrative Analyst Thomas Golodik is accompanied by his wife Kathy Rubel as he walks to lunch after testifying in the bank fraud trial of Mayor Gerald McCann at the federal court in Trenton. Golodik and McCann had been business partners.

McCann aide challenged over letters

Golodik contradicts remarks
made earlier to a grand jury

By Michael Finnegan
Journal staff writer

TRENTON — A senior Jersey City official's testimony yesterday at Mayor Gerald McCann's bank fraud trial contradicted a sworn statement that the official made five months ago to a federal grand jury.

The official, Thomas Golodik, told the grand jury he was "sure" he mailed a letter to an attorney for a Florida savings and loan that wanted McCann to account for his use of the thrift's \$300,000 investment in a Jersey City real estate project.

But yesterday, Golodik denied sending the letter.

Prosecutors say McCann, who managed the investment, misappropriated most of the \$300,000 for personal enjoyment and covered up the theft from the investor, Southern Floridabanc Savings Association of Boca Raton.

Golodik, who has not been charged with criminal wrongdoing, was a partner of McCann's in the investment deal.

In a biting interrogation of Golodik yesterday by U.S. Attorney Michael Chertoff, the prosecutor disclosed excerpts of Golodik's July 1 testimony before the grand jury.

Golodik told the grand jury

Trial Highlights

- Prosecuting attorney Michael Chertoff grilled Thomas Golodik, a senior aide to McCann.
- Chertoff questioned Golodik about contradictions in his current testimony and his testimony to the grand jury that indicted McCann in July.
- Golodik said he knew Southern Floridabanc had asked for an accounting of its investment, but said he did not know if a response was sent.

that he mailed the letter, dated Feb. 12, 1987, to Southern Floridabanc attorney Sander Mednick. The letter claimed that McCann and his partners had provided Southern Floridabanc Vice Chairman Gennaro D'Amore with "annual reports, financial statements and accounting" explaining the fate of the investment, and offered to continue to send such records.

But D'Amore and Mednick have testified that McCann, in fact, thwarted their repeated attempts to get an explanation for what happened to the \$300,000, providing them with virtually no

See MCCANN — Page 4

Cop's report may have triggered fed towing probe

Tow truck firm's owner alleged payoffs to city officials

By Earl Morgan
and Stan H. Eason
Journal staff writers

A police officer's report that a tow company operator claimed to have paid off Jersey City officials may have trig-

gered a federal probe of the Parking Authority's contract with the firm.

Police Officer John Wisniewski wrote about the alleged payoff claims in a Nov.

1 document accompanying a report of an arrest of one of the tow truck firm's drivers for driving without a license.

There have been no criminal charges filed against the com-

pany or its owner. The Police Department says there is no basis for the payoff allegations and had investigated the city's towing contract months before the Wisniewski report was filed.

Wisniewski wrote that Family of A-Jay Inc. towing owner George Housell, upon arriving at the West District precinct to pick up the driver's impounded vehicle, said "he pays every-

See PAYOFF — Page 4

Smith accuser 'thought he was going to kill me'

By Linda Deutsch
Associated Press writer

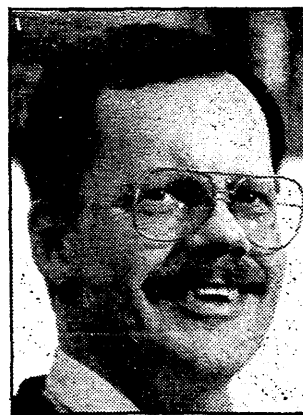
WEST PALM BEACH, Fla. — A weeping woman told a jury yesterday that William Kennedy Smith raped her on the lawn of his family's estate and said, "I thought he was going to kill me."

She said she screamed and tried to fight him off, but he slammed his body on top of hers and said, "Stop it, Bitch!"

"He had me on the ground, and I was trying to get out from under him because he was crushing me," Smith's accuser said.

"I was yelling 'no,' and 'stop' and I tried to get my arm out to get him off of me and he slammed it to the ground," she said. "And he pushed my dress up and he raped me, and I thought he was going to kill

See SMITH — Page 4



Terry Anderson

Free at last, Anderson cites faith, stubbornness

By Ed Blanche
Associated Press writer

DAMASCUS, Syria — Journalist Terry Anderson, the last American hostage in Lebanon, was set free yesterday by pro-Iranian Islamic radicals and said faith and stubbornness helped him survive the nearly seven-year ordeal.

More on Anderson, Page 13

His release ended a brutal saga in which Shiite Muslims kept 13 Americans in chains, killed three and bedeviled two U.S. presidencies.

A joyous Anderson grinned broadly, raised his arms and warmly greeted friends as he

See FREE — Page 4

Inside

WEATHER:



Today: Mostly sunny but cold. Low 30s and 20s
Tonight: Chance of snow.
Mid to upper teens
Details on Page 15

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Free at last, he cites faith, stubbornness

Continued from Page 1

entered a conference room at the Syrian Foreign Ministry. He later left to meet his 6-year-old daughter, Sulome, for the first time.

Anderson said sheer determination got him through his captivity.

"You just do what you have to do. You wake up every day, summon up the energy from somewhere ... and you get through the day, day after day after day," said Anderson, the AP's chief Middle East correspondent.

"I was lucky enough to have other people with me most of the time. My faith. Stubbornness, I guess," he said.

His appearance was delayed for hours. U.N. officials, who have skillfully negotiated for the release of nine hostages since August, said they believed he had been delayed by a snowstorm in Lebanon.

Anderson's kidnappers turned him over to Syrian security officials who delivered him to U.S. Ambassador Christopher Ross in Damascus.

Anderson, wearing a white shirt and a dark cardigan he received only Tuesday from his captors, joked about tight-fitting shoes. He said they were his first new pair since he was kidnapped.

"You can't imagine how glad I am to see you," an emotional Anderson told reporters. "I've thought about this moment for a long time and now it's here, and I'm scared to death. I don't know what to say." He hugged and kissed Alex Efty, an AP cor-

respondent.

Ending the news conference, he explained: "I have a date with a couple of beautiful ladies and I'm already very late." He was referring to Sulome and her mother, Madeleine.

Asked what his last words to his kidnappers were, he rolled his eyes and said simply: "Goodbye."

Anderson was to leave later in the evening for Wiesbaden, Germany, where recently released hostages Joseph Ciccipio and Alann Steen are resting and undergoing medical examinations. Anderson

was being accompanied by Larry E. Heinzerling, AP's deputy director of the World Services division.

A U.S. military doctor in Wiesbaden said Steen suffered brain damage and was subject to periodic seizures because he was kicked in the head during his captivity.

The release of the three Americans ended the agonizing hostage drama for the United States. Two Germans still are held in Lebanon, however, and U.N. Secretary-General Javier Perez de Cuellar his work would not be over until they are released.

Perez de Cuellar has led delicate negotiations involving a complex swap of Western hostages, hundreds of Arabs held by Israel and information about missing Israeli servicemen.

"I am very pleased," he said. "The American chapter has been closed, but I have other chapters still to close."

Anderson was the best known of the captives and came to personify the agonizing hostage ordeal.

President Bush called Terry Anderson in Damascus "to express the love and admiration that all Americans have for Terry," said White House spokesman Marlin Fitzwater.



Freed hostage Terry Anderson leaves the U.S. Ambassador's residence in Damascus yesterday morning with his 6-year-old daughter Sulome enroute to Frankfurt. He was seeing the child for the first time.

Associated Press

Chromium tests set for 5,000 in Hudson

Continued from Page 1

the streets within two weeks, but making sense of the physicals and urinalysis is expected to take until 1993.

Department of Health officials are requesting that residents don't call them, but wait to be asked to join the study. Only people currently living or working near contaminated sites are eligible.

The DOH performed a much smaller study on 97 School 15 (Whitney M. Young Jr.) students and 68 school employees after that school was shut because of suspected contamination in 1988.

Thirty-six percent of the children and 16 percent of the adults were found to have chromium levels above the detection threshold of .3 micrograms per liter.

"The children we screened — none of them had obvious physical signs that they were affected by chromium," Fagliano said.

This study will look for the most obvious chromium health effects including perforated nasal septums, skin rashes and elevated levels of chromium in the urine.

Chromium can burn the skin and respiratory tract, and long-term exposure to its most dangerous form (hexavalent) can lead to lung cancer. Elevated chromium levels in the urine or blood do not necessarily mean that individuals will develop a chromium-related illness, according to the DEPE.

Chromium exposure has also been linked to kidney and liver disease. It has mutated DNA and damaged the immune system in the laboratory. The DOH project will not include blood tests, chest X-rays, or liver and kidney function exams.

"We have to limit our examinations," Fagliano said. "Cancer is something that is not easily

screened for."

Three companies gave away 3 million tons of chromium as clean landfill between 1905 and 1976. Environmental officials have found 2 million tons in 150-odd sites and continue to search for more.

"We'll call in the DEPE and have them take a look at the area, especially if we have a cluster," said Dr. Leah Ziskin, acting deputy DOH commissioner.

DEPE officials said they will continue capping and cleaning sites no matter the results of the health study. The health study could be used in the DEPE's legal battles with Allied Signal, the largest chromium producing company and the only one challenging an order to clean its sites.

"The project may give us additional sites," said Ron Corcoran, DEPE chromium cleanup coordinator. "It will hopefully confirm that the capping we undertook has worked."

Jersey City and Bayonne health officials said the DOH should have begun this test in 1988. Freeholder Louis Manzo said health officials who had lost their jobs over the chromium cleanup and one man who lost his life deserve much of the credit for the health study.

Fredrick Trum of Harrison died from a rare bone disease and lung cancer in 1988 after a decade of exposure to chromium at the St. Johnsbury terminal in Kearny, according to the state medical examiner.

Trum's nose was eaten away by airborne chromium. High levels of the heavy metal were detected in his bones, which had turned the toxin's characteristic yellowish hue.

"His death raised a lot of questions and a lot of awareness," Fagliano said.

Payoff claim report likely sparked probe

Continued from Page 1

one."

Those claims were repeated to him later in the day at Municipal Court, Wisniewski reported.

"While waiting for the judge to return from lunch ... Housell ... again reiterated that he pays everyone and this time although unsolicited (by myself) stated specifically the mayor's office and the chief's office and gave dollar amounts of \$500 for various favors and activities," Wisniewski wrote in the Nov. 1 "activity report" to Capt. Thomas Cowan, West District supervisor.

The report did not specify what Housell allegedly received in return for the alleged payoffs.

The Jersey Journal reported last week that city officials, including Parking Authority attorney James Boylan, confirmed the receipt of subpoenas for 4,400 documents relating to Family of A-Jay Inc.'s multimillion dollar contract with the city. The contract was awarded in August of 1990 and renewed in August of this year.

Wisniewski's report, sources said, was brought to the attention of the U.S. Attorney's Office in Newark and helped spark the investigation.

Mayor Gerald McCann, who for the past two weeks has been on trial on bank fraud charges, denied any payments were made to his office. Craig Guy, a spokesman for Jersey City Police Chief Richard Harrison, termed the payoff allegation "a total fabrication."

But McCann agreed with sources that the Wisniewski report probably sparked the investigation.

Among the documents demanded by the FBI two weeks ago were authority records involving the towing contract specifications and reports of all vehicles towed by the firm.

Subpoenas were issued to other Jersey City departments, including the Law Department, according to Corporation Counsel Harold Ruvoldt Jr. The Police Department also received subpoenas for records relating to the towing company and Parking Authority, Guy said. Also subpoenaed in connection to the probe were mayoral aide Fran Smarzo and McCann campaign treasurer Janice Juskey, City Hall sources confirmed.

Neither Housell or Wisniewski could be reached for comment.

No other charges were filed in the incident detailed by

Wisniewski other than the charges against driver John F. Honczaryk for operating a truck without a license. The matter is still pending in Municipal Court.

Wisniewski also reported in his memo to Cowan requesting a police probe that he believed his job was in jeopardy following comments by Housell about his assignment status.

"He also stated that he had just spoke to someone, and that my name was on another transfer list and not to worry," Wisniewski wrote.

"The undersigned took this as an act of intimidation and his willingness to pay everyone a possible influence at bribery to allow charges against his driver to be dismissed," Wisniewski wrote in his report.

"This towing service is responsible for over \$400,000 in revenue each month in towing illegally parked vehicles and could become a serious avenue for corruption. The undersigned would appreciate any investigation into this matter," the officer concluded.

Guy, who said Chief Harrison's office is aware of Wisniewski's report, said the Police Department launched its own investigation into the towing contract in August, shortly after the contract was renewed with Family of A-Jay Inc. Towing.

"SIU (Special Investigation Unit) was investigating this months before Wisniewski made the arrest," Guy said.

SIU officers visited the JCPA headquarters on Bergen Avenue three weeks ago looking for information concerning the towing contract, sources confirmed.

Concerning statements in the report about payoffs in the chief's office, Guy said, "(the tow company owner's claim of a payoff is) a baseless accusation. The chief is more than happy to have (it) investigated."

Guy said the FBI delivered a subpoena on Nov. 21 to police headquarters for any documents pertaining to the towing contract.

"We are in a cooperative posture with the FBI and turned over a number of reports we had to them," Guy said. "The FBI was very happy with the information we gave them."

Housell is a member of the city Board of Adjustment. McCann said Housell was appointed to the Board of Adjustment after he was recommended for the post by someone the mayor said he could not remember.

Alleged rape victim accidentally shown on television news

NEW YORK (AP) — CNN inadvertently showed the face of the alleged victim in William Kennedy Smith's rape trial yesterday, calling it an accident.

Although the woman's face was electronically shielded by a gray blot covering her face, she

briefly was seen several times when the camera changed angles.

CNN spokesman Steve Haworth said an outside production company processing the TV pool "feed" from the trial in West Palm Beach, Fla., "had a mo-

mentary lapse" that led to the brief exposure of her face or part of it.

"We just hope it's done more precisely," he said of the electronic face-shielding.

There actually are two "feeds" involved. One is live,

handled by the company to which Haworth referred. The other, used by Court TV, is on tape, shown on a 20-second delay basis.

In the latter, the alleged victim's face covered by a process called an "electronic mosaic"

Smith accuser 'thought he was going to kill me'

Continued from Page 1

me."

The 30-year-old woman's dramatic appearance in court was the first time she had faced Smith since the fateful Easter weekend.

If convicted, Smith, 31-year-old nephew of Sen. Edward Kennedy, could be sentenced to 4½ years in prison.

Smith stood up as the dark-haired woman identified him as the man she met at a trendy discotheque.

At one point, she sobbed so strenuously that the prosecutor asked her if she wanted a break, but she said she wanted to continue.

Asked, "Did you consider this an act of love?" she caught her breath and said, "Oh God, no."

She said she ran in terror from the man she had thought was "a nice guy" when they met at a nightclub earlier that night. She suggested he underwent a personality change, suddenly pouncing upon her without

warning and with no sexual suggestions.

After the rape, she said, she ran into the Kennedy house and tried to hide, but "I could hear him yelling for me."

She said she called her friend Anne Mercer to come and get her and was shaking so badly she tried to steady herself on a kitchen table, but Smith pursued her.

"He grabbed me again. He grabbed me by the arm. I thought he was going to kill me. I didn't know what he was going

to do to me," she said bursting into tears again.

She said Smith pulled her into another room and seemed calm.

"He was real different," she said. "I was telling him, 'You've raped me. How could you do this?' He was sitting there very smug and he said, 'I didn't rape you.'"

When she said she would call the police, she said Smith told her, "No one will believe you."

Her friends arrived, she said, and she felt safer.

McCann aide challenged over testimony

Continued from Page 1

information.

In the grand jury proceedings, a prosecutor asked Golodik, "In preparing the letter for Mr. Mednick, did Mr. McCann tell you that he had provided annual reports, financial statements and an accounting to Mr. D'Amore?"

"Yeah," Golodik replied. "I'm sure that he did. I basically took what he (McCann) said and incorporated it into the letter."

Prosecutors say that in reality, as McCann fended off the thrift's inquiries, he accelerated his improper withdrawals of money from the Jersey City bank account of Historic Equishares Inc., his joint venture with Southern Florida Banc.

At McCann's trial yesterday, defense attorney Bruce Rosen showed Golodik a different version of the letter from Golodik to Mednick which says nothing about Southern Florida Banc's request for an accounting of its investment.

Golodik testified that that letter, dated Feb. 23, 1987, was the one he really mailed to Mednick, not the one that he told the grand jury he sent. He called the earlier letter a "first draft."

U.S. District Judge John C. Lefland allowed Chertoff to interrupt Golodik's testimony for the defense and pose a series of sharp questions that left Golodik visibly shaken.

"When is the first time you saw the draft that bears the date Feb. 23?" Chertoff asked.

"Today," Golodik said. "Just in this courtroom?"

"I believe so, sir."

"A couple of moments ago?"

"I believe so."

"Based on seeing that document a couple of moments ago for the first time, you have now concluded that is, in fact, the letter you sent. Is that your testimony?"

produced here, do you?"

"I honestly do not."

"At the time you were testifying before the grand jury, you told the grand jury nothing about preparing a second draft, did you?"

"I didn't recall it at the time, sir."

"Did you see that there are differences in the spelling of Mr. Mednick's name from the first document to the second document? The earlier document spells it Sander Mednick and the second document spells it Sanford Mednick."

"Yes, and it also adds the name of his firm as well."

"Did you change the letter in order to misspell his name?"

"No, I did not, sir."

Chertoff asked Golodik whether he might have "back-dated" the letter that appeared yesterday.

"I doubt that," Golodik replied. "I wouldn't have done that."

If prosecutors had shown him the Feb. 23 letter at his grand jury appearance, Golodik said, "perhaps my testimony would have been somewhat different."

Chertoff reminded Golodik several times that he was under oath. At one point, Golodik started to answer a question by saying, "I have to be honest," and Chertoff interrupted, "Yes, you do have to be honest."

In a discussion outside the jury's earshot, Chertoff called it "very remarkable" that Golodik had "totally changed his recollection."

Chertoff also complained to defense attorneys that the Feb. 23 letter should have been provided to the grand jury under subpoenas issued last year to McCann.

"It deletes a paragraph that's fairly damaging to the defendant," he said.

tion of Golodik today.

The discrepancy in Golodik's testimony seemed less significant for its effect on the overall case against McCann than for his credibility in the eyes of the jury. As one of the six directors of Historic Equishares, Golodik is the most important of the four witnesses called by the defense since prosecutors rested their case on Monday.

Golodik, who was a reporter for The Jersey Journal in the 1970s, was press secretary for McCann during the mayor's first administration from 1981 to 1985. Since McCann returned to office in 1989, Golodik has been an administrative analyst at City Hall.

Golodik testified that in 1985, he became a partner in a real estate development company, MGT Ventures Inc., that McCann formed with Frederick Tomkins, who is now the Jersey City business administrator, and William R. Goble, who holds city engineering contracts. Tomkins left the company shortly after it was formed.

Golodik described McCann, who was MGT president, as the partner who "had the contacts with the development industry from his days as mayor."

"He was basically the leader and the person who would be the mover and shaker, the person who got things going for us," Golodik said.

He testified that it was McCann's contact in early 1986 with Robert V. Gibbs, then chairman of Southern Florida Banc, that led MGT into its joint venture with the thrift in Historic Equishares. Golodik said one of the main Historic Equishares projects was a failed attempt to win the rights to build a marina in Liberty State Park.

Golodik testified that he was aware of a June 1986 request from D'Amore for an accounting of Southern Florida Banc's \$300,000 investment, and McCann told him what to reply.

**'Star Trek':
Will it end
with a bang or
a whimper?**
Page Tempo



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state to probe Pollak
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■ **Vote sends anti-eviction bill
to Senate floor** Page 13

**Billington,
Vilgrain help
make Devils
'Flame' proof**
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THE JERSEY JOURNAL

125th Year — No. 84 ★ ***

Friday, December 6, 1991

35¢

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Exxon cleanup could take five years

By Steven Kalcanides
Journal staff writer

It may be five or more years before Exxon cleans up petroleum and chromium contamination at the oil giant's 275-acre facility in the Constable Hook section of Bayonne, the manager of the facility said yesterday.

The state Department of Environ-

Constable Hook oil, chromium contamination called bad

mental Protection and Energy fined Exxon \$3 million Wednesday and announced an agreement that the firm would clean soil and groundwater contamination at its facilities in Bayonne and Linden.

But any remediation will have to

await a formal survey of the grounds to identify what and from where contaminants must be cleaned.

The investigation phase could take up to three years, said Exxon-Bayonne plant manager Al Prebula.

Actual cleanup at the Bayonne

plant, the Bayway Refinery in Linden, and the Linden Technology Center is estimated to take some five years or longer and involve some 1,500 acres of land.

Company spokesman Doug Walt said the cleanup process will be broken

down into three steps: investigation of what contamination is present at the facility, review of cleanup techniques, and the actual cleanup.

Prebula said he hopes the public views the cleanup agreement as a sign that Exxon is a "good corporate neighbor" is willing to address environ-

See CLEANUP — Page 4

Farewell to Efrain Rosario



With pallbearers leading the way, friends and family of the late Efrain Rosario, Jersey City's first Hispanic councilman-at-large, file out of St. Peter's Church on Grand Street after Mass. Rosario, 38, died Sunday at Christ Hospital.

Journal photo by Larry Cutchall

McCann prosecution challenged on \$300G

Money used on many development plans, says Golodik

By Michael Finnegan
Journal staff writer

TRENTON — A Florida bank's \$300,000 investment in a development company run by Gerald McCann was meant for far broader use than prosecutors say it was, the Jersey City mayor's former partner testified yesterday.

The thrift's investment covered not only a Liberty State Park project, as prosecutors say, but a variety of others, including the proposed conversion of a Santo Domingo casino into condominiums, Thomas Golodik testified at McCann's bank fraud trial.

In 1986 and 1987, Golodik was McCann's partner in Histor-

ic Equishares Inc., in which Southern Floridabanc Savings Association of Boca Raton invested \$300,000.

Golodik, who was McCann's press secretary during his first mayoral term from 1981 to 1985, is now a City Hall administrative analyst.

Golodik said his Historic Equishares salary, drawn entirely from the Southern Floridabanc investment, was for work he performed as "project manager" on development proposals in North Bergen, Hoboken, Denville, Asbury Park, Beach Haven, Egg Harbor and other places. Golodik's salary from March 1986 to June 1987

See BANK'S — Page 4

Trial Highlights



- In his second day on the stand, McCann business partner Thomas Golodik testified that Southern Floridabanc's investment was to be used to pursue several projects.
- McCann, outside of the courtroom, identified the mysterious "Mary Jane Dough," whose name appeared on plane tickets to Santo Domingo, as a model who appeared in a video promoting a casino project.

Pearl Harbor Anniversary

Tomorrow is the 50th anniversary of the Japanese attack on Pearl Harbor which propelled the United States into World War II. Today's Jersey Journal contains two special pages devoted to the events of Dec. 7, 1941 and coverage of how the attack is viewed today in the United States and Japan. See Pages 14 and 15. President Bush talks about in-terment of Japanese-Americans. See Page 10.

Buddies saw start and end of WWII

By Steven Kalcanides
Journal staff writer

World War II veterans and Bayonne buddies Joseph Roe and Chester Krzyzanowski share a special link to the war that America entered 50 years ago tomorrow, the anniversary of Japan's bombing of Pearl Harbor.

Roe, a private first class in the Army at the time, was at a base overlooking Pearl Harbor when the attack came the morning of Dec. 7, 1941.

Krzyzanowski, a petty officer third class in the Navy, was on the Missouri when the Japanese signed the surrender documents

See BUDDIES — Page 4

Hoboken educator arraigned

By Patricia Scott
Journal staff writer

The head of Hoboken's special education program was arraigned yesterday in Central Judicial Processing Court and charged with running a \$50,000-a-week illegal bookmaking operation.

James Ronga, 43, of Park Avenue in Hoboken, is charged with running illegal gambling operations in Hoboken and Spring Lake. His bail was set at \$25,000 bond or \$2,500 cash.

Ronga is the \$76,126-a-year special education supervisor in the Hoboken school district and oversees 250 special education

**James Ronga nabbed
on gambling charges**

pupils and 35 teachers.

Agents in the Hudson County Prosecutor's Gambling Squad arrested Ronga Wednesday night as he left an apartment at 330 Jackson St. that he was allegedly using as his central office for the placement of illegal sports betting slips, said Prosecutor Carmen Messano.

The bets were for professional and college football games and for basketball games, according to Messano.

Ronga conducted a similar illegal operation out of a home

he owns in Spring Lake, the prosecutor added.

Messano said his office's investigation involved wiretaps at both of Ronga's homes.

"It was quite an enterprise," Messano said.

Messano said he began his investigation more than a month ago, and more arrests may be made. Electronic surveillance at Ronga's home was used from Nov. 22 to Dec. 3, he said.

See RONGA — Page 4

Daily News files for bankruptcy

NEW YORK (AP) — The Daily News, once the nation's biggest newspaper, filed for protection under bankruptcy laws yesterday as the House of Maxwell was besieged on all sides.

The newspaper has a printing plant in Kearny.

A short time after the Chapter 11 petition was filed in federal bankruptcy court, Daily News spokesman John Campi

insisted that the paper "is not for sale."

If it were, he added, a buyer could be found.

See DAILY — Page 4

Accuser cries uncontrollably on witness stand

By Linda Deutsch
Associated Press writer

WEST PALM BEACH, Fla. — William Kennedy Smith's accuser shook her finger at him in court yesterday and said she told police he raped her because, "I don't want to be responsible for him doing it to someone else."

The remark, which came in

Woman in Kennedy Smith case adamant as she shakes finger at defendant

response to a prosecutor's question, drew an objection from the defense and Circuit Judge Mary Lupo then ordered jurors to disregard it.

The dramatic statement came near the end of a grueling day in which the woman wept uncontrollably at times during nearly five hours of cross-examination that fea-

tured questions about intimate sexual details.

Under redirect testimony by prosecutor Moira Lasch, the woman complained about public notoriety surrounding the case and about Smith calling her a liar in the media.

"Everybody in the world knows what happened to me," she cried. "How am I going to

let my daughter grow up?"

She said she had feared calling the police after the Easter Weekend encounter because of the Kennedy family power. Asked why she went ahead and accused Smith of rape, she turned to look at the jury, but waved her finger in the direction of Smith.

"What he did to me was

wrong," she said. "I don't

want to live the rest of my life in fear of that man and I don't want to be responsible for him doing it to someone else."

Near the end of the day, Black said Smith hadn't called her a liar but did call the charges "damnable lies."

"Didn't he say the charge of rape was a damnable lie?"

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Inside

WEATHER:



Today: Chance of light snow early, upper 30s
Tonight: Partly cloudy, low in the low 30s

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Bank's money spent on many projects, Golodik testifies

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was \$35,760. Golodik said he regarded McCann more as an employer than a partner, and relied on him to work out financial matters with Southern Floridabanc.

"As far as I was concerned, any real estate project we did would have involved the bank, because we really did not have the money needed to finance these projects," Golodik said.

Southern Floridabanc representatives have testified that McCann, Golodik and their partner in Historic Equishares, Jersey City engineer William R. Goble, had no authorization from the thrift to use the \$300,000 for anything but preparation of a development proposal for Liberty State Park. They said Southern Floridabanc never authorized the salaries paid by Historic

Equishares to McCann, Golodik and Goble.

Golodik and Goble, who were granted immunity from prosecution when testifying before the federal grand jury that indicted McCann, have not been charged with wrongdoing.

McCann is accused of defrauding Southern Floridabanc out of its \$300,000 investment, pocketing much of it for personal enjoyment and evading taxes on the illegal proceeds.

McCann denies wrongdoing, saying he and his partners were entitled to salaries from Historic Equishares. Much of what prosecutors say were improper personal expenses, were, according to McCann, in fact legitimate business expenses he incurred for the wide variety of developments that Southern Floridabanc authorized His-

toric Equishares to pursue.

Golodik, who does not have immunity for his trial testimony, testified yesterday that none of the Historic Equishares projects succeeded.

One, he said, was development of Anthony Dell Aquila's waterfront property at the north end of Hoboken, and another was a conversion of rental apartments on 77th Street in North Bergen into condominiums.

The only Historic Equishares project abroad, Golodik testified, was McCann's proposed conversion of the Santo Domingo casino into condos or time-share apartments.

He said McCann took a business trip in 1986 to the Dominican Republic capital to work on the project. But on Monday, an IRS agent testified that the government considered it a Southern

Floridabanc-financed pleasure trip, because McCann brought along a companion, listed on the plane ticket as Mary Jane Dough.

On cross-examination, U.S. Attorney Michael Chertoff asked Golodik, "Was there a Ms. Dough involved in this Santo Domingo project as far as you were aware?"

"I'm unfamiliar with anyone by that name," Golodik replied.

McCann said late yesterday that Dough is a model who appeared in a video promoting the casino project.

Golodik also testified on cross-examination that he knew McCann's business plan for Historic Equishares was prepared with no input from Southern Floridabanc. McCann is relying on the plan as his source of authority to pay salaries to himself, Golodik and Goble.

But the Southern Floridabanc witnesses said the Historic Equishares by-laws explicitly barred McCann, Goble and Golodik from taking salaries without the thrift's approval. When Chertoff asked Golodik about his signature on the by-laws, Golodik said they "didn't carry that much weight with me." He said he trusted McCann, who is a certified public accountant, to handle the compensation matter properly.

Golodik said he was "quite disappointed" with the lack of success by the time the Southern Floridabanc funds were spent in June 1987. When McCann later cut him and Goble out of a development proposal in Plainfield, Golodik testified, "we decided to sever our relationship and go our separate ways."

Cleanup by Exxon may take five years

Continued from Page 1

mental problems at its facility.

The chromium contamination would take priority, he said. Chromium, a cancer-causing metal byproduct, was detected around several fuel tanks at the Bayonne facility in 1989.

"Our negotiations started on chromium," Prebula said, adding that the tainted material was first delivered to the Exxon plant during the 1950s under the "mistaken impression" that it was clean fill.

The agreement does not cover oil or petroleum hydrocarbon contamination at other sites in Bayonne's Constable Hook that have been identified as former properties of Standard Oil, an Exxon predecessor firm.

Any cleanup plans for those properties would have to be taken up by their respective owners and the DEPE, said Prebula.

One facility, ICI Americas, is reportedly investigating oil contamination at its plant.

The Bayonne facility operated as an oil refinery from 1877 through 1971.

Today, the East 22nd Street plant operates as a storage and distribution terminal for specialty fuels and lubricating oils.

Some 200 people are employed at the plant.

Bayonne Mayor Richard Rutkowski said he was pleased the company had come to an agreement with the DEPE to address groundwater and chromium problems at the facility.

"This is a step in the right direction, environmentally, and will help rectify situations that

began long before environmental regulations were enacted," he said.

"While the actual cleanup will have to await further studies including a determination of the exact extent of the petroleum hydrocarbons in the ground and chromium in the soil, the process has begun."

"I consider that good news for Bayonne," said Rutkowski.

Local environmentalists said they had hoped the company would have taken responsibility for a host of other sites in Constable Hook that are contaminated with oil believed to have originated from past practices, some of them reaching back more than a century.

"The cleanup seems to be limited to Exxon's plant, which is a significant area, but it doesn't appear to address the entire contamination problem in Constable Hook," said Marc Liebeskind, president of the Bayonne Citizens for Clean Air.

David Klinck, a BCCA member, said he considered the cleanup announcement "good news," but said he hoped it was a serious commitment on the company's part.

Leonard Kantor and other BCCA group members said they are willing to conduct a tour of contaminated sites in Constable Hook for DEPE officials.

Any cleanup of the area, which had been farmland in the 1800s before industry began moving in, would involve a deep commitment and possibly hundreds of millions of dollars, Kantor said.

Escapee collared in candy store

Hudson County Sheriff's officers apprehended a 15-year-old escapee from the Youth House in Secaucus yesterday in a candy store on 21st Street, near Kennedy Boulevard, Bayonne.

The Jersey City youth, whose name was withheld because of his age, was charged with escape, resisting arrest, and assaulting Sheriff's Officer

Chris Nolan. He was unarmed, said Undersheriff Martin Budnick.

The teen had been arrested on cocaine possession and outstanding warrants. His escape was discovered Tuesday night.

"The county is still investigating how he escaped," said Lori Rankin, county spokeswoman.

Ronga under arrest

Continued from Page 1

The prosecutor would not comment on how long the investigation ran.

Ronga, who filed last year for personal bankruptcy, has been the special education director for five years and was city athletic director prior to

that.

He works out of the office of Hoboken Superintendent Edwin Duroy, who yesterday said there is no immediate plan to suspend him.

Duroy said he wants to hear more about the case before making any decision.

Daily News in trouble

Continued from Page 1

Union leaders Barry Lipton of the Newspaper Guild and George McDonald of the Allied Printing Trades Council agreed.

"I am optimistic about the future of the News," McDonald said after representatives of the paper's nine unions met with News management. He added: "The News is in better shape than it has been in years."

But media analysts were pessimistic, saying the recession and the paper's debts cast doubt on whether the News

can survive.

The bankruptcy petition listed assets of \$37.4 million and liabilities of \$53.3 million.

Campi, in an interview at the News' headquarters on 42nd Street, said: "The Maxwell family wants to hold on to the Daily News. ... I think it will."

He said the News did not face the same kind of problems now that it did when Robert Maxwell ended a long, bitter strike last March by taking it over from the Tribune Co.

"When the paper was in trou-



Bayonne residents Joseph Roe, left, and Chester Krzyzanowski display some of the mementos they kept to remember the bombing of Pearl Harbor on Dec. 7, 1941. Roe holds a copy of the Dec. 7, 1941 edition of the Honolulu Star-Bulletin, while Krzyzanowski holds a replica of the surrender.

Buddies saw start and end of WWII

Continued from Page 1

the almost four years later, on Sept. 2, 1945.

"In the beginning and in the end" is how Krzyzanowski likes to explain the story of his relationship with the war and Roe. His friend was there in the beginning and he was there in the end.

Roe, now 73, was born in Bayonne in 1918 and was drafted into the Army just before the war started. He was stationed at Fort Shafter, an Army base overlooking the harbor.

"One thing I could remember was that Pearl Harbor was smoking," Roe recalls. "Then a lieutenant drove into the camp and one GI asked him, 'Is that maneuvers?' And he said, 'If it is, we are sinking our own ships!'"

And so Roe learned he had become part of the Pearl Harbor legacy, and the memory never faded.

With most of the capital ships of the Pacific Fleet lying on the bottom of the harbor and more than 2,000 men dead, Roe and his Army buddies dug in for the night.

"After that first raid, there was nothing doing until that night," says Roe, who was 23 at the time. "Everybody shot at whatever moved."

After almost four years in

the Pacific and a stint on the small tropical island of Fanning, Roe's jaunt in the military was over and he returned home to celebrate the end of the war.

"To me, it was a ball," he says. "I went places I never would have gone. If I had to do it again, I'd join the Navy to travel."

Krzyzanowski, now 71, said his part in the war began in April of 1943, when he was drafted into the Navy.

He was a witness to the Japanese surrender on Sept. 2, 1945 on the Missouri, which was anchored in Tokyo Bay. Krzyzanowski was responsible for ferrying the Japanese delegation to the battleship.

There were about 2,700 American servicemen on the ship that day. Krzyzanowski recalls, to watch Japanese Foreign Minister Mamoru Shigemitsu sign the papers that ended the world's second great war.

Although the spirits of the American men were upbeat that day, the weather reflected the feelings of the defeated Japanese. Krzyzanowski says it was a dismal day.

Regardless of the gloom, Sept. 2, 1945 was a "day for going home," says Krzyzanowski, who was 26 at the time. "It was a happy day for going home."

Tree fest time change

The Christmas Tree Lighting Ceremony in West Hudson Park, in Kearny scheduled for Dec. 9 will be held at 7:30 p.m. The original time was 6 p.m.

Golodik got immunity from the grand jury

By Michael Finnegan
Journal staff writer

TRENTON — Thomas Golodik, a senior Jersey City administrator, is one of at least three people who testified with immunity from prosecution before the grand jury that indicted Mayor Gerald McCann, according to McCann's attorney.

Also granted immunity were William R. Goble, who holds Jersey City engineering contracts, and Robert V. Gibbs, former chairman of Southern Floridabanc Savings Association of Boca Raton.

Golodik and Goble were McCann's partners in MGT Ventures Inc. and Historic Equishares Inc. McCann, who was president of both corporations, is being tried on charges of using MGT and Historic Equishares to defraud Southern Floridabanc out of its \$300,000 investment in a Jersey City real estate deal.

With grand jury immunity, nothing a witness tells the grand jury can be used against the witness by prosecutors. But since the testimony is given under oath, the witness can be prosecuted for perjury if he lies.

Golodik is the first witness at McCann's trial who previously testified with immunity before the grand jury, according to McCann's attorney, Matthew P. Boylan. Today will be Golodik's third day on the witness stand. He is testifying at the trial without immunity.

U.S. Attorney Michael Chertoff said Tuesday that he would offer trial immunity to Gibbs if the defense wishes to call him as a witness. But Boylan said he hasn't decided whether to call Gibbs.

Goble's attorney, according to Boylan, has requested immunity for his client if the defense decides to call him as a witness.

Baby, it's cold outside, but freezing in court

By Helene Stapinski
Journal staff writer

With his dark eyes darting and his balding head canted down, U.S. Attorney Michael Chertoff waited like a vulture, ready to swoop down on Tom Golodik.

Grimacing ever so slightly, Chertoff attacked Golodik just as Trenton was being covered in its first snow on Wednesday. His descent was quick and cool, like the hard driven flakes falling outside the courtroom windows.

Chertoff was out to discredit Golodik, McCann's former business partner and most important witness. He held Golodik's previous testimony from the July grand jury hearings in one hand, and stressed the inconsistencies with the other.

Compared to defense attorney Bruce Rosen's quiet, measured tones, Chertoff was harsh. So harsh that it left the spectators — and perhaps the jury — feeling sorry for Golodik.

Golodik, a thin man with glasses and a drooping brown mustache, was intimidated, but kept his composure. He answered, "Yes, sir. No, sir," to Chertoff's shouts. He blushed constantly, but came off as a man who worked a hard eight-hour day typing letters and researching grass seed and boat docking fees for MGT, McCann's development company.

When pressed on a letter he wrote (which he now denies he sent to a Florida bank), Golodik declared, "I mean, I have to be honest."

Chertoff swooped down in mid-sentence. "Yes. You do have to be honest."

Golodik took off his glasses and rubbed his eyes as his wife and lawyer both gestured to him to keep calm. The jury shifted in their seats, perhaps uncomfortable with Golodik's discomfort.

Yesterday was different. The snow didn't stick, but a bitter cold set in. A relaxed Chertoff continued his cross examination. Maybe realizing the fine line between discrediting a witness and upsetting a jury, Chertoff backed off.

He got Golodik to say that it was not proper to spend business funds on rare coins (one of the things McCann spent the \$200,000 on, says the government). He got Golodik to admit that he thought McCann was "a maker and a shaker," someone who was at ease talking to Donald Trump and Sam LeFrak.

"As far as I'm concerned, I have a great respect for his ability to meet people and do business," said Golodik, his face turning scarlet.

Matt Boylan, McCann's chief attorney, played court jester to Chertoff's straight man, making the jury laugh and cutting the tension in the room. At one point, Chertoff asked U.S. District Judge John Liffand to order Boylan not to communicate in any way with Golodik during the lunch break.

Boylan mocked Chertoff, flailing his arms toward Golodik as if a baseball coach signalling to the runner on third base. Boylan then promised to keep his distance. On his way out, he leaned over to rib the prosecutor some more.

"It makes for an exciting afternoon. That's all I can say, Mike," said Boylan. "You do good work."

Accuser cries uncontrollably on stand in Smith rape trial

Continued from Page 1

Black asked.

"I'm the person he raped," the woman snapped.

"Isn't it a fact he said that because it wasn't true?" asked Black.

The woman glared at Black and said hotly: "Your client raped me!"

The answer ended two emotionally riveting days of testimony that captured the attention of TV viewers

worldwide.

She had spent nearly 10 hours on the stand repeating her detailed story of Smith's alleged Jekyll-and-Hyde transformation from a gentleman to a rapist pursuing her across the lawn of the Kennedy estate under a full moon.

As he left the courthouse, Smith was asked if he thought the woman had convinced the jury.

"We'll find out," he said.

The woman sobbed so hard at various times yesterday that recesses were ordered in the proceedings.

Black suggested she had encouraged sex by taking off her panty hose in front of Smith. She adamantly denied it, saying she didn't know where or when the panty hose came off.

Ms. Lasch retrieved the tattered panty hose from an evidence envelope and held them up to the witness, who

uttered a high-pitched gasp.

"Do you know how your panty hose got all these rips?" asked Ms. Lasch.

"No," the woman said, breaking into tears.

The woman had been composed until Black sought sexual details of her encounter with Smith and asked, "During this event, was he able to maintain an erection?"

Her face reddened and her eyes

filled with tears.

"Why do you have to ask me questions like that?" she cried.

The 30-year-old Florida woman asked for a tissue, and a bailiff brought her a box of them, which she used through the day to wipe her eyes.

Black asked if she wanted a break.

"No, I will continue," she said. "It's been a nightmare for me. I want this to be over."

Grandmas, rejoice! Kids are dressing up
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Boston throws Garden party at Knicks' expense
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Trial Highlights

• Defense witness Thomas Golodik testified under cross-examination yesterday that McCann used \$50,000 of Historic Equishare's money to secure a loan of \$20,000 for his own company, MGT Ventures.
• Golodik said that he had very little contact with Southern Floridabanc representatives, and that he "basically followed Mr. McCann's lead" when dealing with the bank.

McCann and his money

'Mayor used bank cash to get loan'

By Michael Finnegan
Journal staff writer

TRENTON — A corporation run by Jersey City Mayor Gerald McCann in 1986 used funds from a Florida bank as collateral for a \$20,000 loan to back a Jersey Shore development proposal, a former partner of McCann's testified yesterday.

The former partner, Thomas Golodik, testified at McCann's bank fraud trial that the collateral was a \$50,000 certificate of deposit owned by Historic Equishares Inc.

Prosecutors say McCann's pledge of Historic Equishares' CD as collateral for loans was part of a scheme to defraud Southern Floridabanc Savings Association of Boca Raton out of its \$300,000 investment in the firm.

Historic Equishares was a joint venture of the bank and McCann's MGT Ventures Inc. Prosecutors say Historic Equishares was formed to prepare a proposal to build a marina and hotel at Liberty State Park, and nothing else.

But McCann, who as president of Historic Equishares managed the \$300,000 investment, says the bank authorized him to pursue a variety of development proposals, including one to buy property and build condominiums in Beach Haven.

Golodik testified that it was for the Beach Haven project that MGT obtained the \$20,000 loan from Midlantic National Bank in Jersey City.

Southern Floridabanc had no control over MGT.

In his cross-examination of

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Inside

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Tonight: Partly cloudy, lows in the 30s
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By Peter Benedict
Journal staff writer

A Bayonne man who survived a murder plot in August tried yesterday to kill one of the men charged with masterminding the plot, police said.

Cop rescues 3 child hostages

During the tense half-hour episode, Richard Barba also held his three children hostage in his estranged wife's Avenue A apartment near 31st Street and threatened her with a high-cal-

iber rifle, Bayonne officials said. Barba, 33, of Avenue B, was arrested at the apartment by Detective Mark Smith, who jumped on Barba as he was distracted for a moment, said Po-

lice Chief James Sisk.

The drama started at about 12:15 p.m. when Barba carried the rifle into the Avenue A and 31st Street deli owned by Thomas DeFilippo, 35, of Bayonne.

DeFilippo was indicted in October for a murder plot against Barba.

"He points a high-caliber rifle at him, sticks it in his chest, and fires — it misfires," said Sisk. "DeFilippo brushes the gun

See GUNMAN — Page 8

Fire engulfs city block



Journal photo by Jim Lowmyer

Bayonne firefighters pour water into a factory-warehouse at the intersection of Avenue F and E. 30th Street that caught fire yesterday.

Bayonne factory destroyed by flames

By Dan Rosenfeld
Journal staff writer

A Bayonne women's clothing factory-warehouse erupted into flames late yesterday afternoon, destroying the block-long business and taking firefighters well into the night to extinguish the lingerie-fed fire.

The unnamed factory-warehouse on the corner of Avenue F and 30th Street started about 4:40 p.m., residents of the mostly residential block said. Twenty-six firefighters from six trucks battled the blaze for more than three hours before getting it under control, fire officials said.

"Because of the conditions when we arrived — heavy smoke, we couldn't go up

the stairway," said Bayonne Fire Chief John Sheren. "We had an early wall collapse on arrival. About the whole block went up."

Fire officials said the cause of the blaze is under investigation, but they said they are relatively confident that the fire

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Police chase tragedy

Injured flown to trauma center

By Peter Benedict
Journal staff writer

A police chase of a stolen car ended yesterday in Bayonne when the vehicle struck another car carrying a married couple, a baby, and a 16-year-old.

The four were transported by helicopter to the University Hospital Trauma Center in Newark from the scene of the accident at 44th Street and Broadway, police said.

The driver of the stolen vehicle, Ricardo Rosado, 34, of Bayonne, and his passenger, Ricca Colarusso, 27, of Bayonne, were arrested and charged with receiving stolen property, police said. Rosado was also charged with eluding police and resisting arrest after he tried to run from the accident.

The Dodge Aspen Rosado was driving had been stolen from in front of Video Jones, 334 Broadway, at about 6 p.m., said police. Patrolmen spotted it at 32nd Street about a half hour later and the chase began.

The married couple and children were heading southbound on Broadway when Rosado, westbound on 44th Street, accelerated through the stop sign at Broadway into their path, said police.

At the accident scene, the family's light gold Ford hatchback was resting against the intersection's southwest corner. The entire left side and back of

See STOLEN — Page 8

Senator Kennedy 'heard no screams'

By Linda Deutsch
Associated Press writer

WEST PALM BEACH, Fla. — William Kennedy Smith wept yesterday as his uncle, Sen. Edward Kennedy, testified at his trial, praising their family's closeness and denying he heard screams on the night a woman says she was raped.

Kennedy's son Patrick later was called to testify, and gave a slightly different account of the events of the early morning hours of March 30 than he gave in pretrial testimony.

The 31-year-old Smith, who had shown no emotion during his trial, sat with tears streaming down his face as Kennedy finished a brief witness-stand appearance by recalling Smith's

See HEARD — Page 8

Pearl Harbor remembered



Journal photo by M. Kathleen Kelly

Veteran Mike De Nichilo adjusts his cap following a service at City Hall in Union City marking the 50th anniversary of Japan's attack on Pearl Harbor. Another photograph and report on the commemoration are on page 2. Other observances are detailed on page 9.

Big shots, big tabs at House restaurant

By Michael Brumas
Newhouse News Service

WASHINGTON — Some of the biggest names in the House of Representatives were responsible for many of the biggest overdue bills owed to the House restaurant system, according to a list of delinquent accounts obtained by The Birmingham News and Newhouse News Service.

The list showed 62 members were at least 30 days overdue on bills of \$1,000 or more. News of unpaid congressional meal tabs caused an uproar earlier this fall, coming on the heels of revelations that legislators were regularly kiting checks at their members-only bank.

But several congressional offices contacted Friday disputed the restaurant amounts

See BIG — Page 8

McCann used bank's money to get loan, says ex-partner

Continued from Page 1

Golodik, U.S. Attorney Michael Chertoff implied that it was a calculated move by McCann to have MGT borrow the \$20,000 rather than use Historic Equishares money. He suggested that McCann knew Southern Florida Banc would not approve of his use of Historic Equishares funds for a project unrelated to Liberty State Park.

But Golodik denied that he knew of any improper motives that McCann might have had for the way he financed the proposed Beach Haven project.

"I had a great deal of faith in Mr. McCann," said Golodik, a former press secretary for the mayor and now a senior City Hall administrator.

Golodik said he thought he used personal funds for most, if not all, of the \$50,000 that MGT needed to put up as a deposit to purchase the Beach Haven property. When Chertoff asked him whether he recalled the MGT loan from Midlantic, Golodik replied, "I'm drawing a blank."

Chertoff showed Golodik a check ledger indicating that Golodik had put up \$30,000 and the rest of the Beach Haven deposit was the \$20,000 Midlantic loan.

"You're still drawing a blank on this \$50,000 transaction?" Chertoff asked.

"I'm afraid so, sir," Golodik replied.

But Golodik agreed with Chertoff that if the Beach Haven deal was a legitimate Historic Equishares project, it would have been more logical to take the money directly from the Southern Florida Banc investment than to borrow \$20,000 from Midlantic and use \$30,000 in personal funds.

When Chertoff showed Golodik Midlantic's records of the loan, which bear the signatures of Golodik and McCann, Golodik said it reminded him that there had indeed been a loan.

"My recollection now is that Mr. McCann said he did not want to cash the (Historic Equishares) CD," he said.

By cashing in the CD before its expiration to fund the Beach Haven project, he explained, Historic Equishares would have lost interest due on the CD.

Chertoff asked whether Golodik was aware that unlike MGT — over which Southern Florida Banc had no control — Historic Equishares was barred by its agreement with the thrift from borrowing money.

"No," Golodik said. "I basically followed Mr. McCann's lead."

Golodik said McCann told him that Southern Florida Banc was interested in investing in the Beach Haven project. Golodik also said he had almost no direct contact with anyone from the thrift, saying McCann was dealing with Southern Florida Banc Chairman Robert V. Gibbs.

In other testimony yesterday, a document examination specialist, Peter Tyrell, testified that three typewriters could have been used on Midlantic's records on an unrelated \$20,000 loan that

McCann secured with another Historic Equishares CD.

McCann borrowed that \$20,000 to pay part of a down payment on a \$230,000 house that he and his wife bought in Rutherford in May 1986. One of the charges against McCann is lying on the loan application by saying he was the sole owner of Historic Equishares and therefore authorized to pledge the CD as collateral.

Tyrell was called by the defense apparently to cast doubt on the legitimacy of Midlantic's loan records.

Another defense witness, developer Richard Lapari of Staten Island, testified that he, McCann and Gibbs visited St. Michael's Monastery in Union City in the spring of 1986 with an eye toward developing the site. The project was later developed by another firm.

Lapari testified he knew Gibbs because he borrowed \$4.5 million to build homes on Staten Island.

Heard no screams, senator testifies

Continued from Page 1

late father as "next to a brother to me."

The Massachusetts Democrat also appeared near tears as he spoke of the family's tragic history and the death of Stephen Smith in August 1990. The comments were elicited by Smith's lawyer, Roy Black, after the prosecutor questioned the senator about the Easter weekend outing that led to the rape charges.

Smith's accuser testified Thursday that she futilely screamed for help as she lay on the Kennedy lawn while Smith held her down and raped her under the light of a full moon. She said she had seen Kennedy on the estate grounds minutes before and hoped he would rush to her aid.

But he said he never saw her at the estate and, asleep with the windows open, heard nothing.

"Did you hear anything at all that night at the Kennedy estate?" asked prosecutor Moira Lasch.



Prosecutor Moira Lasch shows a piece of evidence to Sen. Edward Kennedy as he testifies at the rape trial of his nephew William Kennedy Smith.

"No, I did not," Kennedy said firmly.

"Did you hear any screams?" she asked.

"No, I did not," he replied.

The senator acknowledged he suggested his son and nephew go out with him just before midnight on March 29 and said he now regrets the trip to a Palm Beach nightclub.

"I wish I'd gone for a long walk on the beach instead but

we went to Au Bar," he said bitterly.

He said the only reason he suggested going out was that there had been an emotional conversation with family members who had not been together since Stephen Smith's death and "I couldn't sleep."

"A whole range of memories came in an overwhelming wave of emotion," he said. "I couldn't possibly sleep and I saw my

nephew Will and Patrick go by the glass windows past the patio. I went to the door and called out... I needed to talk to Patrick or Will."

Smith is charged with sexual battery and battery on a Florida woman he met that night at Au Bar. If convicted, he could be sentenced to 4½ years.

Kennedy said he met the woman for "a very brief introduction."

Gunman foiled, target flees, suspect nailed

Continued from Page 1

aside and runs."

Barba then rushed to his wife's apartment above the deli and pointed the rifle at her, Sisk said. Mary Beth Barba, who has a court restraining order against her husband, fled the apartment, the chief said.

Barba, wearing a bullet-proof vest and equipped with two boxes of ammunition, locked the doors and windows. His daughter and two sons were inside, said Sisk. The children range in age from about 10 to 15.

"He allows Detective Mark Smith into the apartment," Sisk continued. "He makes Smith strip to his waist, so he makes sure he has no weapons."

While the officer confronted Barba, the children talked to Sisk and other officers through an unlocked window of one room, he said.

"Barba is distracted. He turns his head away from Smith — Smith dove on him, a rifle shot went off into the ceiling, and Smith arrested him," said Sisk.

At the sound of the shot, about 20 officers rushed into the building to assist, he said. The entire incident lasted about 30 minutes.

"Smith is the hero in this," said Sisk. "It was an outstanding piece of police work. He'll certainly be in line for a police commendation."

The police chief said Barba, who appeared "angry," refused

to offer any motive. "He will not speak to me with regard to this incident," said Sisk.

Barba has been charged with attempted murder, possession of a weapon for unlawful purposes, possession of a prohibited weapon (brass knuckles), unlawful use of body armor, aggravated assault on Smith, three counts of kidnapping, making terroristic threats, and violating a court restraining order.

He was held at the Hudson County Jail without bail.

DeFilippo, and Gary Cassaro, 38, of Jersey City, were indicted on Oct. 15 on charges of attempting to murder Barba, conspiracy to commit murder, aggravated assault, unlawful possession of a weapon, and possession of a weapon for unlawful purposes.

Barba, a former longtime friend of DeFilippo, had been shot once in the chest at about midnight on Aug. 2 as he entered his former Avenue A apartment building, police said. He survived after surgery and a hospital stay.

A top Bayonne police source said that Cassaro had agreed to accept \$5,000 from DeFilippo to kill Barba, \$2,500 of which he received up front and the balance of which he was to get after Barba was dead.

Barba was separated from his wife after the August shooting, and she gained custody of their children, said the source. She lives in a building owned by DeFilippo, about a 100 yards away from the his home.

Factory-warehouse erupts in smoky flames

Continued from Page 1

began in the southeast corner of the building.

The fire was reported at 4:50 p.m. and a second alarm was sounded five minutes later, officials said. Day crews in some instances were held over, fire officials said.

The business owners watched the flames from across the street, periodically asking firefighters for information. The owners declined to comment or

give their names.

Firefighters attacked the blaze from the sides and an aerial ladder. The orange flames appeared to pop up wherever water failed to reach.

Traffic was snarled on Avenue E for several blocks in each direction and sections of 30th Street and Avenue F were closed.

Neighbors said the business was packed with boxes, dresses and women's underwear. Work-

ers, who come to the two-story brick building by van, usually leave the factory-warehouse at 5 p.m., neighbors said.

The factory-warehouse was vacant at the time of the fire, fire officials said. Firefighters were able to keep the blaze limited to the one building.

The Gonsiewskis, who live next door at 79 30th St., were eating dinner when the fire broke out.

"I told my wife to get all the

valuables and get ready to run," said Anthony Gonsiewski, who was once trapped on the 15th floor of a building during a fire. "There's really not a lot you can do in that sort of situation."

His main concern was a car parked between the warehouse and his home which could have been ignited by heat.

"We really didn't know anything when this first started," said Lynne Gonsiewski.



Emergency Medical Technicians transport a car collision victim to a helicopter in Bayonne Park last night for transport to a medical trauma unit for treatment of her injuries.

Stolen car chase injures innocent family

Continued from Page 1

the car was crushed.

Aida Flores of Jersey City, the driver of the Ford, was pinned behind the wheel of the car, an official said. The other passengers in the vehicle hit by the stolen car were not immediately identified last night.

Flores may be the mother of the baby or the teen-ager, some officials said, but police had no firm details about their relationship.

"The mother needed to be extricated because of the damage to the car," said Mickey McCabe, director of McCabe Ambulance Service, which arranged for the helicopter.

McCabe said firefighters used the "Jaws of Life" tool to remove the driver's side door and free Flores from the wreck.

"The mother had multi-system injuries," he said. "The child was tossed about, I heard, and also may have suffered a head injury." McCabe added that the husband did not appear injured.

"I sent everybody to the Trauma Center because of the severity of their injuries and the force of the impact," said McCabe.

The condition of the family at press time could not be ascertained.

Calarusso was treated for

minor head and knee injuries at Bayonne Hospital, said a hospital spokeswoman, and returned to police custody.

About 10 feet south of the corner on the sidewalk were drops of blood left by a victim who jumped out of one of the cars.

A Bayonne man making a delivery by van to Dotti's Luncheonette on Broadway said he saw a man go "flying" through the air and then saw several officers exit their patrol cars with guns drawn.

On the corner lay a pair of sneakers, which an officer said had probably been removed from one of the victims.

Jury weighs murder charges against teen

By Gretchen Lang
Journal staff writer

A Manhattan jury began weighing murder charges against a popular Weehawken teen-ager yesterday after he rejected a final plea bargain offer.

Lawyers for both sides offered closing arguments to support their interpretation of the evidence against 19-year-old Luis Rojas, a former Emerson High School student on trial for the fatal shooting of a teen-ager on a Greenwich Village street.

Assistant District Attorney Peter Kougasian portrayed Rojas as a callous punk who deliberately solicited the death of 19-year-old Javier Bueno by passing a gun to an unidentified killer and watching him fire into a crowd.

"The defendant stood there watching that scene and he laughed," Kougasian said.

The attorney said a bullet found in Rojas' jacket on the night of his arrest proved he was a "different person" on the street than the one so highly regarded at Emerson High School.

Kougasian called the evidence against Rojas "overwhelming and undeniable," but defense attorney David Fronefield said sloppy police work and inconsistent witnesses made it impossible to form a clear picture of the crime.

"If the dots are missing and you can't complete the picture, Mr. Rojas must go free," he told the jury.

Rojas faces up to life in prison if convicted. An eight-count indictment charges him with

two counts of murder, assault and weapons possession.

Bueno and a friend Ruddy Quesada were shot on Nov. 18, 1990, at Broadway and Washington Place after two groups of teen-agers clashed and a .32-caliber pistol was drawn.

Rojas, arrested later while boarding a PATH train back to New Jersey, maintains he was nowhere near the shooting and police have arrested the wrong man.

Much of the state's case rests on eyewitness accounts by Bueno's friends who say they saw a man in an orange jacket brandishing a gun. Some witnesses in court identified Rojas as that man.

But the teen-agers' testimony contradicted earlier statements made to police where some witnesses indicated another youth in a green coat drew the gun.

Fronefield accused the state of prosecuting the wrong man because they had failed to find the real killer.

"They're frustrated because they can't find the shooter so they're dumping it all on Rojas' back," he told the jury.

Before closing arguments began in Manhattan's State Supreme Court, prosecutors offered to drop the murder charges against Rojas if he pled guilty to possessing a gun with the intent to use it, a charge that carries five to 15 years in prison. They also wanted him to agree to help prosecutors finger the gunman in the shooting. Rojas refused.

groups who used congressional facilities and for whom the congressmen vouched.

The list, dated June 6, showed \$370,000 in overdue food service bills to Service America. The concessionaire's list apparently is the only one available that shows what the situation was before Oct. 2, when Rep. Pat Roberts, R-Kan., announced that \$255,000 in House restaurant bills were in arrears. Roberts based his estimate on a verbal accounting from Service America that was more up to date than the June 6 list.

The amount of outstanding bills has since shriveled to less than \$10,000, according to a spokeswoman for Service Corporation of America, which handled the food service from 1987 until last August.

Roberts said that publicizing the unpaid debts has produced the desired effect.

"Within a month's time after it broke, people were settling their bills left and right," he said. "That's not the best way to do business but it had that kind of effect."

Some of the largest tabs were under the names of key leadership officials and committee chairmen.

House Speaker Tom Foley, D-Wash., had \$4,783 in unpaid bills and Minority Leader Robert Michel's total was \$5,679. House Energy and Commerce Committee Chairman John Dingell, D-Mich., was listed for overdue bills totaling \$12,810.

"There are no unpaid bills, period," asserted Dingell spokesman Dennis Fitzgibbons.

More than \$11,000 of Dingell's total was for a United Auto Workers retirement reception that was held April 23, billed to the UAW in May and paid on June 10, Fitzgibbons said.

"The bill was paid three days after the date (of the list) by the UAW," said Dingell. "And it is regarded by all parties as being handled entirely properly. I find your inquiry to be demeaning to you and to make you look small and petty." The rest of the tabs for Dingell's office were run up by other organizations that held functions in the House restaurants with Dingell's okay.

'Knots Landing' villain tries good guy role
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Handley takes blame for some Giant mistakes
Page 22



THE JERSEY JOURNAL

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Delinquent liens headed for auction

By Steven Kalcanides
Journal staff writer

The Bayonne Tax Collector's Office will put some 200 delinquent property-tax and water bill liens on the auction block tomorrow afternoon during its 1991 annual Tax Sale in City Hall.

More than 400 delinquent accounts

1991 annual Tax Sale set for tomorrow in City Hall

were listed on the Bayonne Tax Sale List, which was published Nov. 14.

The overdue property taxes and water bills represent more than \$1 million in unpaid bills.

The most recent list, published Thursday, indicated that some prop-

erty owners paid their outstanding bills. The list included only 284 accounts, a decrease of 130 accounts since last month.

Tax Collector Neil Barman said the number of delinquent accounts is actually down to about 200, half of

what the original list included.

The list for the Tax Sale, scheduled to begin at about 1 p.m. in the Tax Collector's Office, represents property owners or corporations that owe the city taxes or water bill payments for 1990.

Property owners on the list who wish to satisfy their account with the city and get out of the Tax Sale should visit the office in City Hall, 630 Avenue C, to pay their bills. The office is open 9 a.m. to 4 p.m. weekdays.

Property owners who are experiencing financial problems might want

See DELINQUENT — Page 4

McCann wants to testify despite counsel

Jury may start deliberations by tomorrow

By Michael Finnegan
Journal staff writer

TRENTON — Closing remarks in the bank fraud trial of Jersey City Mayor Gerald McCann will take place today unless McCann decides to testify, his attorney said.

McCann said he wants to take the witness stand to defend himself, but his attorney, Matthew P. Boylan, said he doesn't think the testimony is necessary.

"I think we're in good shape," Boylan said.

U.S. District Judge John C. Liffand told the jury yesterday that deliberations would probably begin tomorrow.

Three defense witnesses testified yesterday. One of them, accountant Gary Friend, acknowledged that a \$15,640 loan that McCann reported to the IRS was fictitious.

Friend said the non-taxable loan that McCann claimed he received from MGT Ventures Inc. was in fact taxable income that he failed to disclose on his 1986 tax return.

"There was no doubt in my mind that did not represent any sort of loan," said Friend. "It was compensation."

McCann reported the "loan" in the 1986 corporate tax return that he filed in July 1990

Trial Highlights

- Accountant Gary Friend testified that McCann's listing of a \$15,640 loan on his 1986 tax return was improper.
- Attorney Eugene Boffa testified he worked on development deals for McCann, but none panned out.
- McCann said he wanted to take the stand in his own defense today. In any case, the judge said he expected jury deliberations to start tomorrow.

for MGT. McCann was president and part owner of MGT, a real estate development company.

Prosecutors say McCann, who is a certified public accountant, reported the bogus loan to cover up his evasion of income taxes on at least \$15,640 in personal expenses that MGT paid for him in 1986.

The charges against McCann include submission of false statements to the IRS on MGT's tax returns.

McCann's accountant, Matthew Donohue of Bayonne, testified previously that McCann created the 1986 "loan" in early 1990 after learning his finances were under federal investigation.

On his 1987 tax return, also filed in 1990, McCann converted the "loan" into a salary

See MCCANN — Page 4



Jersey City Mayor Gerald McCann, right, watches as, from left, U.S. Attorney Michael Chertoff and defense counsel Matthew P. Boylan question accountant George Friend during McCann's bank fraud trial in Trenton.

Sketch by Rebekah Boyer

Defense set to call William Kennedy Smith in rape trial

By Linda Deutsch
Associated Press writer

WEST PALM BEACH, Fla. — William Kennedy Smith was poised to testify yesterday at his rape trial, but his lawyer first sought assurances that Smith won't be asked about previous sexual assault allegations against him.

The legal question over Smith's testimony arose after Smith's mother made a brief witness-stand appearance and a doctor gave jurors a les-

son in human sexuality, saying a rape could not have occurred exactly as the accuser described.

The defense also focused on testimony that 12 people in the Kennedy mansion that Easter weekend say they heard no noises or screams.

Among the guests were Stephen and Carol Barry, two New York City prosecutors who testified all was quiet. Stephen Barry is the son of William Barry, a Kennedy associate who has been

See DEFENSE — Page 4



Stephen Barry
Kennedy family friend

Liberty golf proposal neither dead nor alive

By Dan Rosenfeld
Journal staff writer

A golf course will not be built at Liberty State Park in Jersey City anytime soon.

The Liberty State Park Golf Course plan drove into such thick rough that state officials have opted not to decide on the project's fate.

The battle between the pro- and anti-golf course forces per-

suaded Department of Environmental Protection and Energy Commissioner Scott Weiner neither to start building a course nor to kill the much-debated golf course.

"It's not dead and it's not alive," said Weiner. "But I am really struck by the lack of public understanding of the project ... and most importantly

See LIBERTY — Page 4

Military's ban on gays OK'd in federal court

By Pete Yost
Associated Press writer

WASHINGTON — A federal judge yesterday upheld the Pentagon ban on homosexuals in the military, saying the armed forces must have that power if they are to protect soldiers and sailors from AIDS.

Joseph C. Steffan, a former Naval Academy midshipman who acknowledged he was gay, had challenged the Defense Department policy as unconstitutional. But U.S. District Judge Oliver Gasch ruled that the regulations "rationally further le-

gitimate state purposes."

The policy promotes "the maintenance of discipline, morale, good order, a respected system of rank and command, a healthy military force, morality and respect for the privacy interests of both officers and the enlisted," ruled the judge.

Steffan will appeal Gasch's ruling to the U.S. Court of Appeals, said Paula Ettelbrick, legal director of the Lambda Legal Defense and Education Fund in New York. The fund is a gay rights group representing the former midshipman.

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Inside

WEATHER:



Today: Mostly sunny, cooler, in the mid 40s
Tonight: Clear skies, getting cold, in mid 30s
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Senate sets fiber optic hearing

By Bill Campbell
Journal staff writer

A state Senate committee today will begin hearing testimony on a controversial bill to deregulate many of New Jersey Bell's services and allow the telephone company to launch a \$1 billion infrastructure improvement plan.

The centerpiece of the plan is a statewide fiber optic network which will enable Bell to send audio and video signals to homes and businesses over a single line.

Bell says the plan will en-

NJ Bell seeking expanded service

able New Jersey to be the first state with a fiber optic network, which is necessary to maintain a competitive edge in the 21st century. The company says the bill provides a legislative platform to advance the improvements to the network.

The Senate's chief sponsor of the bill says the installation of a fiber optic network will benefit Hudson County by creating jobs and ratables. But the

plan has drawn strong opposition from varied groups.

The opposition ranges from the cable television industry to the American Association of Retired Persons who say consumers will ultimately pay for Bell's state-of-the-art network.

Opponents of the plan charge that Bell is attempting to ram its Opportunity New Jersey plan through a lame-duck session of the Legislature without ample time for complete hearings. They say the cost of building the net-

See SENATE — Page 4

Senate to hear testimony on NJ Bell optical network

Continued from Page 1

work will keep phone rates artificially high.

"New Jersey Bell is finding a way to tax phone rate payers at a time when costs should be coming down," said Frank DeJoy, vice president and general manager of Suburban Cablevision, which is lobbying against the legislation.

DeJoy and other cable operators say Bell has an unfair advantage in creating the network because it can rely on revenue of telephone users.

The bill, which is sponsored by Sen.

Robert Menendez, D-Union City, deregulates Bell's competitive services so it can file a plan with the state Board of Regulatory Commissioners (formerly the Board of Public Utilities) to build the network.

More importantly, says Menendez, it sets up the framework for the fiber optic age. "The state has determined it wants the fiber optic network. This (bill) creates the opportunity for Bell or anyone else. There's no guarantee that New Jersey Bell will get this."

Supporters, including Gov. Jim Florio, are hailing the plan for its technological advances.

A fiber optic network will enable both video and audio communications which will aid in linking schools with each other and allow health care facilities to communicate by video conferences. In the home, the plan would mean only one wire connection to a tv. He said the advanced communications ability of the network will make his city as well as the county and the state attractive to high-tech companies.

"We've seen with the firms moving to Hudson County that information is the life blood for economic growth."

To fund Bell's Opportunity New

Jersey plan, phone rates will be frozen at existing levels through 1995. Until 1999, rates would be tied to the consumer price index, with a maximum 25-cent per Bell's plan to install fiber optics throughout the state. Bell has already begun to replace some 56 million miles of copper cables with fiber optics. The plan pushes up by 20 years the 2030 completion date for the copper-to-fiber optic conversion.

The original plan was to cost \$5 billion. The current version would add \$1 billion to the cost.

"Regardless of the legislation, there will be a conversion to fiber optics,"

Carrighan said. "This would enable it to occur ahead of schedule."

But cable operators say Bell's rates are too high and should be lowered. They say the bill also wipes away 80 years of telephone regulation and gives Bell an unfair advantage by relying on its rate payers.

"We also have the ability to install fiber optics but we have to rely on on banks or Wall Street to finance it. for the transmission of video. "We need to go slow levels to support New Jersey Bell's plan," DeJoy said. "In fact, what this network is, is like building a six-lane highway to your garage."

Defense set to call Smith to stand

Continued from Page 1

the target of an obstruction of justice investigation in the case.

On cross-examination, prosecutor Moira Lasch noted the close relationship between Barry and the Kennedys.

"Would your father lie for the Kennedys?" Lasch asked.

"No, he wouldn't lie for the Kennedys," he replied.

Lasch maintains that the elder Barry misled police when they arrived at the estate on Easter Sunday, telling them that Sen. Kennedy had left when he was still on the premises.

Defense attorney Roy Black filed a last minute motion to bar any mention of the so-called "Williams rule witnesses" when Smith is cross-examined by a prosecutor. Two women have said Smith attempted to rape them and one says he raped her in the 1980s.

"We want to call Mr. Smith as a witness," Black said, "but we want to make sure the state can't open the door on cross-examination and enter evidence the court has ruled irrelevant."

Circuit Judge Mary Lupo, who barred the testimony earlier, said she had decided to forbid any mention of it during cross-examination. But prosecutors complained they had been given no notice of the motion and no opportunity to research legal precedents. Lupo reluctantly recessed court an hour early to give them time to prepare and said she would hear arguments in the morning before Smith testifies.

She suggested it was unlikely she would change her mind.

Florida's Williams Rule allows testimony about other "strikingly similar" assault allegations in rape cases. Lupo

has ruled the similarities in this case are not striking.

In each case, the women told of being lured to Smith's residence where he allegedly pounced upon them without warning. The women, a medical doctor, a medical student and former girlfriend of Smith's cousin, came forward after the Florida case arose but never reported the incidents to police.

Smith's mother, Jean Kennedy Smith, testified for about 10 minutes, identifying the layout of the Kennedy estate, saying family members use the estate on a time-share basis. Mrs. Smith said she heard no screams or other noises on the night the woman says she was raped.

Earlier, a doctor billed as a key defense witness, gave an opinion on the physiology of rape.

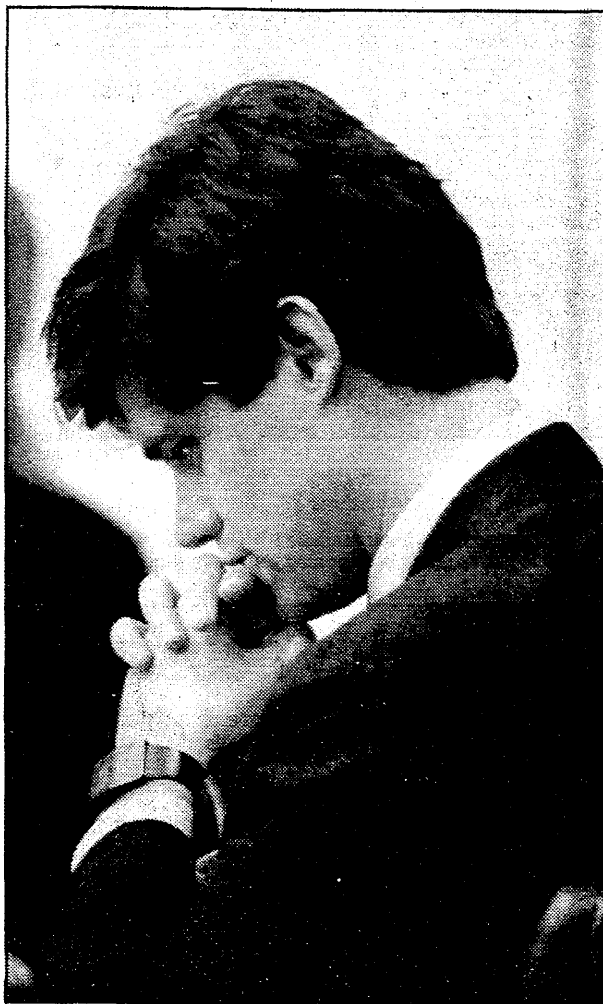
The witness, Dr. Raphael Good, came under hostile attack by a prosecutor who noted that the 70-year-old psychiatrist and gynecologist has never done research on rape, never testified in a rape case and has been called as an expert witness only twice in his career.

"I have done no research in the area of rape, that's correct," Good told Assistant State Attorney Ellen Roberts.

She also noted he has not practiced gynecology in 20 years.

Good, who teaches at the University of Miami, acknowledged he was never shown medical records in the case before he formed his opinion at the request of defense attorneys.

Smith, the 31-year-old nephew of Sen. Edward Kennedy, is charged with sexual battery and battery and could receive 4½ years in prison if convicted.



William Kennedy Smith appears pensive as he listens to testimony yesterday afternoon during his rape trial in Florida.

Good, called as an expert witness on sexual dysfunction, was asked to comment on a pretrial statement by Smith's accuser that Smith had only a partial erection when he raped her. In a hypothetical question based on the facts of the case, defense lawyer Mark Seiden asked Good if an unwilling woman, squirming and fighting, could be raped in such a circumstance.

"Under the scenario you just painted, it is highly unlikely — very, very unlikely for penetration to occur," said Good, adding that the woman would

have to cooperate to make the act successful.

The defense claims the woman engaged in an act of consensual sex.

During Good's graphic testimony, Circuit Judge Mary Lupo had a Newsweek reporter ousted from the courtroom for smiling and ordered his courtroom credential lifted for the day.

Earlier in the day, a patron of the nightclub where Smith met his accuser testified that the woman sipped champagne from a bottle and was "a little bit arrogant" the night she met Smith.

McCann may testify despite his counsel

Continued from Page 1

"bonus" and paid taxes on it, Donohue explained. Prosecutors say the "bonus" was also false, another ruse to cover up the tax evasion.

Rather than shifting the income to 1987, Friend testified, Donohue should have advised McCann to report it last year on an amended 1986 personal tax return. By shifting it, Friend testified, Donohue created a "consistency" problem, forcing himself to find a way to make MGT's 1986 and 1987 tax returns match McCann's personal returns.

"He was boxed into a position," Friend told the jury.

On MGT's 1987 return, which McCann and Donohue also filed in July 1990, the non-taxable "loan" showed up as the "bonus."

Friend, a consultant hired by Boylan, said that was an improper way to handle the problem.

"You really can't put things in different years for convenience," Friend testified. "Mr. Donohue did not do the appropriate thing."

Friend also testified that he would have advised McCann not to delete "under penalties of perjury" from the statement above his signature on the MGT returns certifying the returns were true and complete. Friend agreed with Chertoff that such a deletion could be an admission that the returns include false statements.

Donohue, who helped prepare the returns, testified that he never asked McCann why he struck out the "perjury" phrase, saying he didn't care why.

Another witness, attorney Eugene Boffa of Jersey City, testified that he worked on a number of real estate deals for McCann in 1986 and 1987, and none of them panned out.

McCann and one of his former accounting partners, Robert Gironda, told Boffa that the deals involved Southern Florida-banc Savings Association of Boca Raton, Boffa recalled. Boffa said McCann introduced

him in 1986 to the then-Southern Florida-banc chairman, Robert V. Gibbs, who was later ousted from the thrift by banking regulators.

Gibbs "was very excited about working with Gerry," Boffa said.

McCann says Southern Florida-banc's \$300,000 investment in a company McCann managed, Historic Equishares Inc., was meant for a wide variety of development deals approved by Gibbs, including several that Boffa worked on.

But prosecutors say McCann was supposed to use the money solely to prepare a proposal to build a hotel and marina at Liberty State Park. McCann is charged with defrauding Southern Florida-banc by misappropriating most of the money for personal use. McCann says he was entitled to a \$5,000 monthly salary from Historic Equishares.

Among the deals that failed, Boffa testified, was the proposed condominium conversion of apartments at 139 77th St. in North Bergen, Boffa recalled.

"The deal completely fell apart, and I was told it was dead," Boffa said.

Another of McCann's "pipe dreams," Boffa testified, was his proposed \$5 million purchase of St. Michael's Monastery in Union City, another project involving Gibbs, Boffa said.

Another witness, Helen Petrysh, a secretary at McCann's former accounting firm, Donohue, Gironda & Doria, testified that she did not type a letter dated Feb. 23, 1987, to Southern Florida-banc from Thomas Golodik, a partner of McCann's in Historic Equishares.

Chertoff implied last week that Petrysh did type the letter. Although it is not the subject of any of the eight counts of mail fraud against McCann, Chertoff used the letter last week in an apparent attempt to undermine the credibility of Golodik's testimony for the defense.

Liberty Park golf plan 'not dead, not alive'

Continued from Page 1

the analysis as to whether or not a golf course makes sense."

He added, "It is premature to make any conclusion regarding the golf course at this time."

The DEPE has no timetable on a golf course decision and instead will wait until a consensus on a course develops. During the extended hearings on the Liberty State Park finance plan, which included the golf course, consensus appeared impossible to reach.

The Liberty State Park Development Corporation proposed a complex \$28 million leasing plan to finance the \$13 million golf course, parking lots and \$10 million in improvements. Several sections of the park would have been leased to the Economic Development Authority in order to float bonds. The DEPE would then charge between \$30 and \$35 per round at the public course to offset the 30-year bonds.

But members of the Liberty State Park Advisory Commission and Friends of Liberty State Park instead called for the 150-acre section of the park to be turned into open green space.

By the time public hearings began in September, posturing politicians and raucous labor union members further muddled the golf course plan.

"Public response . . . made it clear that we should reconsider and re-evaluate not only that vision but the process and assumptions which are to be used in making decisions concerning the future of Liberty State Park," Weiner wrote.

Weiner did approve lease agreements for several projects which will be financed through parking charges.

These projects are:

- Building a central parking lot adjacent to the Liberty Science Center.
- Developing a people mover or shuttle bus system between park attractions.
- Building another pay parking lot by the Circle Line Ferry.
- Continuing Liberty Walk north and closing off a levee.
- Improving landscaping around the terminal area.
- Designing heating and cooling systems for the historic Central New Jersey Railroad Terminal.

Weiner wrote that using the terminal as

a launching point for ferries is in the long-term plan, but made no commitment to the Circle Line.

DEPE officials said the state will continue to deliberate on the golf course proposal. Weiner wrote that some of the course's positive aspects have already been noted.

"Not only does this proposal seek to respond to an unquestioned public demand for additional public golf facilities in northern New Jersey, but the proposal provides an opportunity to 'green up' significant portions of the park," the commissioner wrote.

The DEPE will work with the LSPDC and the Friends of Liberty Park on their divergent proposals for the park's interior. The Friends want to build a "People's Park" with playgrounds and picnic areas.

This proposal may be found to be the most desirable, but it may also be found to be impractical, officials said.

"For example, if it was decided that the land would be better utilized as an open, rambling green lawn, we must be prepared to recognize that there simply isn't the money today to provide for those improvements," Weiner wrote.

Military's ban on gays OK'd in federal court

Continued from Page 1

"We find the decision distressing, but not a big surprise," she said.

Last spring, Gasch referred to Steffan as a "homo" three times during a hearing. Gasch ruled that the fact that he used the word did not mean he was biased, and an appellate court upheld his decision.

Steffan resigned from the U.S. Naval Academy in May

1987, six weeks before graduation, after academy officials said he would not be allowed to graduate. He had disclosed days earlier that he was homosexual.

Steffan argued in his lawsuit that the Pentagon ban violated the equal protection clause of the Fifth Amendment.

But Gasch disagreed, saying the Pentagon policy is aimed in part "at preventing those who are at the greatest risk of dying

of AIDS from serving in the Navy and the other armed services."

There was no evidence in Steffan's case that he had had sex relations with anybody, male or female.

But "implicit in the power to support armies is the power to make rules concerning their health and welfare," said Gasch.

"The power to protect the

Armed Forces from venereal disease is ample to sustain the power to protect them from what is now known to be a fatal and incurable virus, the HIV," said the judge.

Steffan was a midshipman in good standing when, a few months before his expected graduation, he learned that he was under investigation by the Naval Investigative Service for his alleged homosexuality.

Delinquent tax liens will be auctioned off

Continued from Page 1

to take out a debt consolidation loan at an area bank, since the prevailing rate of interest is about half that charged by the city on delinquent accounts.

An 18 percent interest charge is usually paid by the property owner once on the tax list. A lien purchaser collects the interest on the lien and a redemption fee of between 2 and 6 percent of the amount of the lien.

The biggest single delinquent accounts on the new list are Bayonne Properties Inc., which has four accounts totaling \$330,237, and Kenrich Petrochemicals Inc., which has one account totaling \$175,684.

Other large accounts include 430 Hook Road Corp., \$88,863; Efkay Realty Corp., \$53,605; B. Petrillo, \$34,268; Bay Blvd. Towers, \$25,398; Bay Bridge Associates, \$24,011, and Bayonne Durable Construction Co., \$18,037.

There were 85 accounts on the list above \$2,000; 59 above \$3,000; 39 above \$4,000; 27 above \$5,000, and 14 above \$10,000, according to an unofficial review of the tax sale list of Dec. 5.

The city tax collector is required to hold a tax sale annually to raise money to cover delinquent accounts. In order to get out of a tax sale, a property owner must pay the account in full prior to the sale.

Private residents, companies or investors bid on the tax or water liens at the tax sale and, if successful, put up the money for the lien in the form of cash, certified check or cashier's check.

With the lien in hand and the city reimbursed for the taxes or water bills, the lien purchaser can then take the lien to the Hudson County Tax Register's office in Jersey City to have it recorded and stamped.

A lien purchaser can keep a lien for as long as two years, or until the delinquent property owner visits the city tax collector to pay off the lien and take his property off the tax sale list.

Should the property owner pay off the lien within the two-year time frame, the city contacts the lien purchaser by mail and asks him to sign the back of the lien and cancel it.

The money collected from the property owner is then placed into a trust account and kept there until a City Council resolution can be drawn up authorizing the transfer of the money to the lien purchaser.

In a worst-case situation, a property owner who fails to pay off the lien over a certain time period can risk having his property foreclosed upon by the lien purchaser or the city.

Tax officials say unpaid tax and water bill payments result in higher taxes for all taxpayers in Bayonne.

Rum cake has the holiday spirits

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Bayonne Poles received a special visitor in '33

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Peacocks beaten by LIU in home opener, 79-78

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THE JERSEY JOURNAL

125th Year — No. 88 ★

Wednesday, December 11, 1991

35¢

Home Delivery — \$1.45 weekly

Rojas found guilty in Village murder

By Pete Donohue
Journal staff writer

NEW YORK — A popular Weehawken teen-ager was found guilty of murder and other charges yesterday for his role in gunning down two young men in Greenwich Village last year. One of the victims died.

Luis Rojas, 19, a former student at Emerson High School in Union City, sat stunned and silent as the verdict was announced in Manhattan Supreme Court. Rojas, who maintained he was a victim of misidentification,

could be sentenced to life in prison. His lawyer said he would appeal.

"Today an innocent life was thrown away," said Rojas's 16-year-old brother, Frank. Rojas's father, Luis Sr., said, "What was decided today was an injustice. My son is innocent."

But Jose Bueno Sr., the father of the slain man, 19-year-old Javier Bueno, said justice prevailed. "The jurors did what they had to do," he said. "My son is dead."

See JURY — Page 4



Luis Rojas
Plans appeal

Bids rejected for work on city housing project

By Steven Kalcanides
Journal staff writer

Bayonne Housing Authority commissioners yesterday rejected all bids for modernization work at LaTourette Gardens because the three lowest bidders pulled out of the project.

Meanwhile, the commissioners asked for approval from the U.S. Department of Housing and Urban Development to pursue damages against the lowest bidder, Jet Electric of Old Bridge.

The commissioners rejected eight bids for the modernization project at LaTourette Gardens, which is located at First Street and Lexington Avenue.

The lowest bidder wanted to withdraw its bid because it could not substitute certain building materials, said BHA Executive Director Charles Posner.

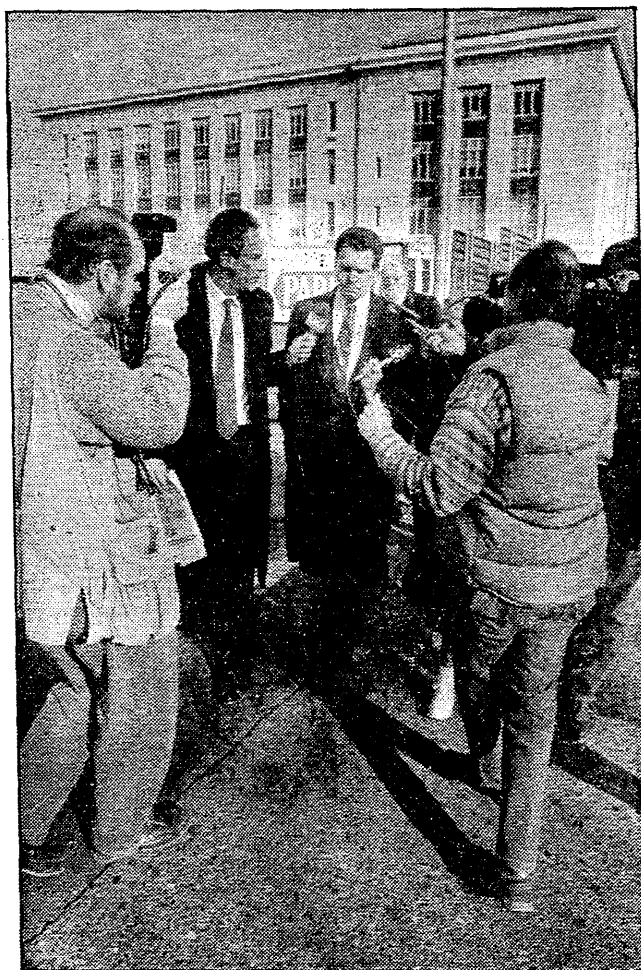
The lowest bidders were Jet Electric, which bid \$96,000; Phoenix General Contracting of Keyport, which bid \$197,700, and ALT Construction of Brielle, which bid \$265,000, according to the BHA.

The Housing Authority said there was "nothing ambiguous" with the bid specifications for the modernization work that would have led the firms to pull out of the project after having placed their bids.

The Housing Authority plans to readvertise

See ALL — Page 4

McCann takes the stand



Jersey City Mayor Gerald McCann, center, is besieged by reporters seeking his comments after testifying at his bank fraud trial yesterday in Trenton.

Journal photo by Bill Bayer



Defense Attorney Matthew Boylan, left, is depicted in this sketch as he questioned Jersey City Mayor Gerald McCann who took the witness stand for the first time yesterday in his bank fraud trial.

Sketch by Rebekah Boyer

Kinder, gentler McCann seeks hearts and minds

By Helene Stapinski
Journal staff writer

TRENTON — The kinder, gentler Gerry McCann who won Jersey City's hearts and votes in 1989 took to the witness stand yesterday in his own defense, behaving like a gentleman and trying to place a reasonable doubt in jurors' minds.

In an attempt to fill any gaps left by his defense team, McCann cleared the record on

his dealings with a Florida savings and loan. Dressed in a dark blue suit, light blue shirt and green print tie, McCann spoke slowly, clearly and abundantly, turning to smile at the jury from time to time.

Except for the usual nervous tic in his neck, McCann looked cool, his hands clasped in front of him. His speech was polite but casual, filled with Hudson County colloquialisms, d's sub-

See KINDER — Page 12

Trial Highlights

- McCann took the witness stand vowing to challenge the "blatant lies" of government witnesses, leaving the jury to resolve the contradictions.
- McCann will likely face bare-knuckle cross-examination today by U.S. Attorney Michael Chertoff.
- McCann told the jury he had no "good excuse" for failing to report more than \$15,000 in income on his 1986 tax return.



Sought to set record straight on 'blatant lies'

By Michael Finnegan
Journal staff writer

TRENTON — Jersey City Mayor Gerald McCann took the witness stand yesterday at his bank fraud trial, denying charges that he pocketed part of a bank's \$300,000 investment in a proposal to develop Liberty State Park.

McCann told the jury that Southern Floridabanc Savings Association of Boca Raton authorized him to pay himself a \$5,000 monthly salary from its investment. He said the money was for his work not only on the Liberty State Park project, but on a variety of other real estate deals that he expected Southern Floridabanc to finance.

McCann said he discussed the deals more than 250 times with Robert V. Gibbs, who was Southern Floridabanc's chairman when the thrift gave McCann control of the \$300,000.

McCann took the stand despite the advice of his attorney, Matthew P. Boylan, not to do so. McCann told the jury he wanted "to get my story across."

He later told reporters he hoped to set the record straight on the "blatant lies" of government witnesses and to show the jury that he "constantly communicated" with Gibbs and other Southern Floridabanc representatives.

Prosecutors, McCann said, "have their own agenda, and it has nothing to do with justice."

McCann is certain to face a bare-knuckled cross-examination today administered by U.S.

See MCCANN — Page 12

Jersey City Mayor Gerald McCann's trial

- Selected excerpts reprinted from trial transcript Page 12
- City Hall in Jersey City nearly empty as faithful travel to federal court in Trenton to support mayor Page 12
- Court sketch artist captures scenes of proceedings where cameras are not allowed Page 12

Smith testifies accuser seduced him into sex twice in a half hour

By Linda Deutsch
Associated Press Writer

WEST PALM BEACH, Fla. — A tense William Kennedy Smith took the stand yesterday and painted his accuser as a sexually voracious woman who seduced him into sex twice in a half hour, then cried rape for reasons he can't explain.

The prosecutor asked Smith sarcastically: "What are you, some kind of sex machine here?" An objection blocked the answer.

"The issue here is I'm innocent!" Smith exclaimed as he fended off repeated suggestions by Assistant State Attorney Moira Lasch that his story was unbelievable.

Repeatedly she challenged his assertion that the woman was the sexual aggressor in an Easter weekend encounter that began at a nightclub.

"What are you saying, that she raped you, Mr. Smith?" the prosecutor snapped.

"Absolutely not!" said Smith. The 31-year-old defendant was pale and nervous as he took the stand but gained confidence during questioning by his attorney, Roy Black.

In 4½ hours on the stand, Smith gave a calm, step-by-step account that contradicted many points in the woman's testimony last week.

Smith said that after his sexual encounter with the woman, he told his cousin Patrick Kennedy: "This woman's a real nut."

Moments after he concluded his testimony, the defense rested its case. The prosecutor called six rebuttal witnesses, who briefly addressed technical points. One witness was the accuser's mother,

See SMITH — Page 4

Inside

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Today: Mostly sunny and mild. Highs 50 to 55
Tonight: Clouds, then clear, cold. Low in 30s
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Basement fire costs two children's lives

By Miri Ascarelli
Journal staff writer

WEST NEW YORK — Two children died and their mother was badly injured yesterday in a fire in the apartment where the woman worked.

The fire, in the basement of a two-story brick building at 6029 Monroe Place, was extinguished in 16 minutes, officials said. But Joseline Hernandez, 1, and her brother Jonathan Ventura, 3, died from the blaze.

Firefighters administered CPR to the three victims, said

Fire Chief Robert Aiello. But it was not enough to save the children, who died within an hour after arriving at Palisades General Hospital in North Bergen, according to a hospital spokesman.

Joseline was pronounced dead at 12:07 p.m. and her brother at 12:10 p.m., the spokesman said. Both died of smoke inhalation, he said.

Their mother, Maria Ventura, 23, was in "extremely critical condition" at St. Barnabas Medi-

See BASEMENT — Page 4

THE McCANN TRIAL

McCann: No excuse for incorrect returns

(Editor's note: In this part of the testimony, U.S. Attorney Michael Chertoff questions Mayor Gerald McCann about the use of Jersey City employees in preparing his defense for the trial. Several times, defense attorney Matthew Boylan complains to U.S. District Court Judge John C. Lifland that the questioning is irrelevant.)

McCANN: We had at least 20 different volunteers. All of it was done, well, not all of it. Just about all of it was done on the weekends, and after four o'clock and 4:30.

CHERTOFF: Let's get into the question of who these volunteers were for a moment.

BOYLAN: Why should we? What does that have to do with the record —

CHERTOFF: Your Honor, it relates to his, he testified that he

McCANN: No, these had nothing to do —

JUDGE LIFLAND: Please don't interrupt each other. You will get the court reporter mad at you and then you are in real trouble.

CHERTOFF: The witness testified he relied in part on determining which of those calls are his or not. I think I am entitled if he is authenticating these calls to get into that mental process.

JUDGE LIFLAND: I will allow it.

CHERTOFF: Of those approximately 20, how many were office staff that work in the Mayor's suite on the Jersey City payroll?

McCANN: Five or six.

CHERTOFF: And the rest came from where?

McCANN: Other autonomous agencies

CHERTOFF: When you say autonomous agencies, you mean autonomous agencies within Jersey City, correct?

McCANN: Yes.

CHERTOFF: Were there people from the Sewer Authority?

McCANN: Yes.

CHERTOFF: In tracking down where various calls went, did

you have members of the staff place calls from the office of the Mayor to all the people that appeared on the telephone numbers?

McCANN: No, not all of the records.

CHERTOFF: Some of them?

McCANN: Yes.

CHERTOFF: Those were in an effort to track down where various calls that opened on the

phone records went to, correct?

McCANN: No. The majority of the phone calls were determined by Mr. Ruvoldt. We gave Mr. Ruvoldt a complete copy of my rolodex card files and the like and he put it on his computer. He had his staff people in his law department — law firm, analyze the phone numbers from business cards and the rolodex and things like this.

CHERTOFF: Mr. Ruvoldt is the corporation counsel of the city of New Jersey.

McCANN: Mr. Ruvoldt is a private attorney, also.

CHERTOFF: Those calls were made at a time that it was possible to reach people at the other end of the line, right?

McCANN: Some of those, yes.

CHERTOFF: So they had to be made during business hours, correct?

McCANN: Yes.

CHERTOFF: So you had Jersey City staff people during business hours making calls to various places to find out what was on those records, correct?

McCANN: Jersey City people were not on city time.

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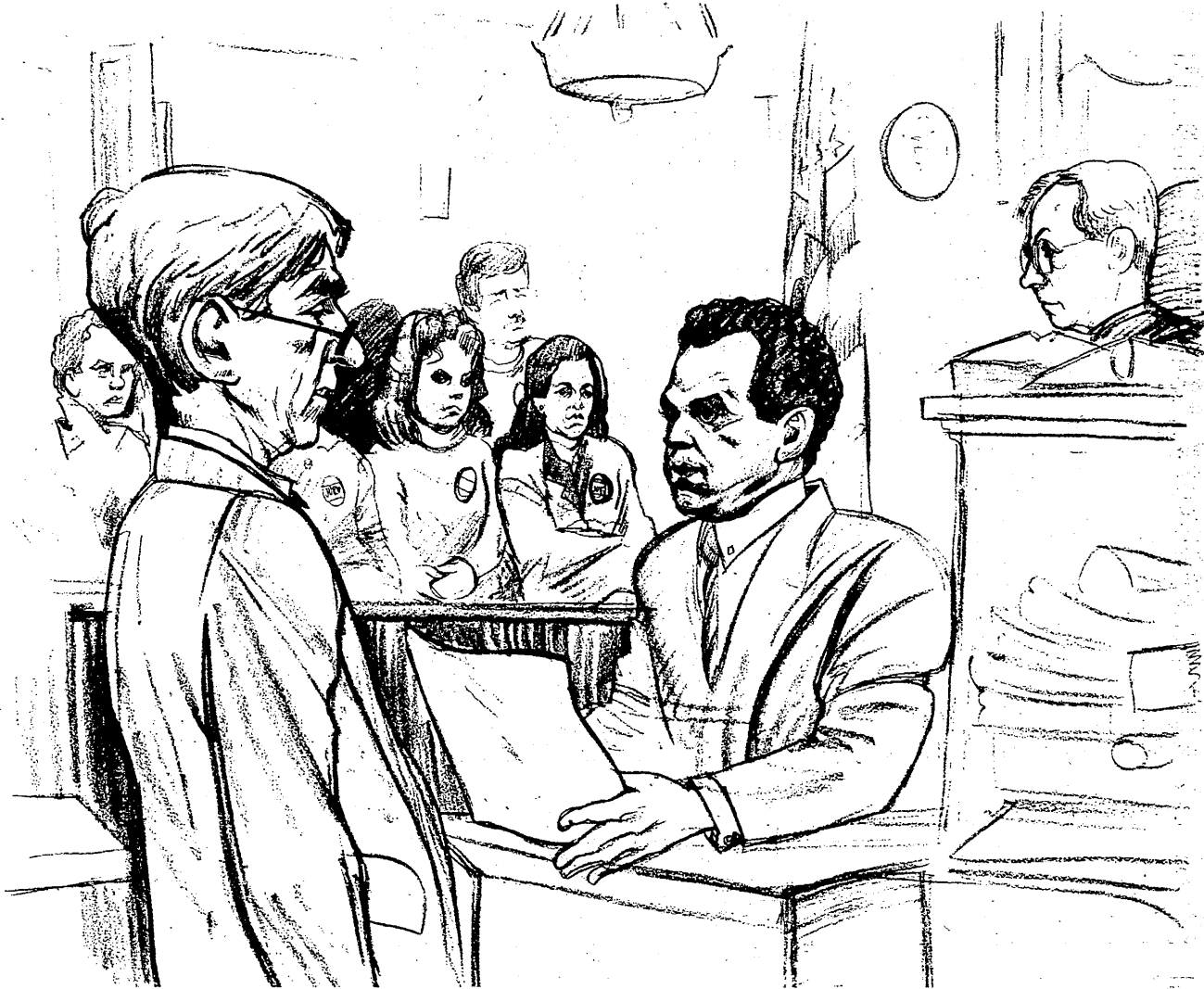
McCANN: Yes.

CHERTOFF: Were there people from the Sewer Authority?

McCANN: Yes.

(Editor's note: In this portion of the testimony, McCann details the circumstances surrounding the filing of his tax returns — filings the government charges are fraudulent. Accountant Matthew Donohue was McCann's accountant, and has prepared his returns for the last 15 years. The mayor testified he traditionally filed his returns late.)

McCANN: To be honest with you, Mr. Boylan, I just about got my tax return in on time this



Defense attorney Matthew Boylan questions Jersey City Mayor Gerald McCann on the stand yesterday.

year. I filed it on October 15th. Knowing even the situation I still filed it on the last day, but I did get it in on time.

BOYLAN: Now, when you were filing your personal return in 1988 and you received a refund for the year 1986, wasn't the year in which you had substantial expenses of yours paid for by MGT?

McCANN: Oh, I don't categorize them as substantial, but the answer is yes.

BOYLAN: Was there any reason that you can tell us that you failed to disclose to Mr. Donohue in March of '88 that you had this expense income in '86?

McCANN: Well, to a certain degree a lot of it was very personal.

BOYLAN: As a result of it being whatever your personal situation was, did either you or Mr. Donohue address the fact that there was or there might be in this small corporation, MGT, additional income through expenses that now had to be picked up and treated as income rather than business expenses?

McCANN: I don't have any good

excuse. I looked at the tax returns after Mr. Donohue had prepared it, the 1987 tax return.

BOYLAN: Stick with '86.

McCANN: Okay. The '86 return, this is principally done by my wife. My wife used to bring all the papers over to Mr. Donohue and she would bring the stuff in like a brown lunch bag.

McCANN: ... She would keep all the records. I would sign them. I don't do taxes. So although a lot of other CPAs had

said they do, I don't.

BOYLAN: Not only don't you do taxes as a CPA, have you practiced as a CPA since 1981 or —

McCANN: Prior to '81.

BOYLAN: When you were elected to the council in '77 and '79, did you stop doing CPA work or limit your CPA work?

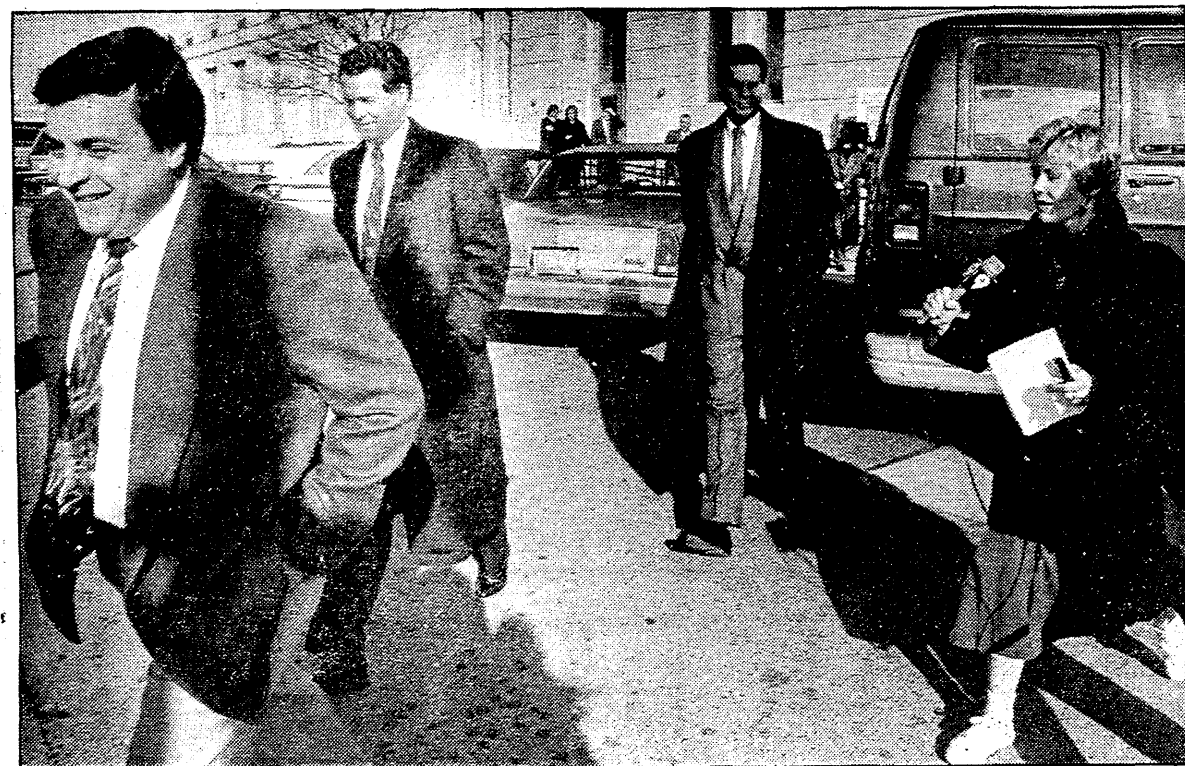
McCANN: Most of what I did in my accounting firm is get clients. That was principally what my end of the business was. I did tax returns but I would do the simplest of tax returns.

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Journal Photo by Bill Bayer

Mayor Gerald McCann, escorted by Police Officer Joseph Roselle, left, and mayoral aide Raul Vicente, right, leaves the courthouse during lunch yesterday.

During trial, who's minding the store?

By Helene Stapinski
Journal staff writer

TRENTON — Jersey City officials packed the courtroom where Mayor Gerald McCann testified yesterday, leaving some to ponder the question: Who's running the city?

More than a dozen city employees lined the walls and benches at the bank fraud trial, offering moral support for their leader.

Those showing their loyalty included Water Department Director Austin Harrold, Human Resources Director Harry Melendez, Assistant Human Resources Director Mark Rusconiello, Chief of Staff Harold "Bud" Demellier, and Public Works Director Michael Martucci.

Also, mayoral aides Raul Vicente, Brian Dorf and Barbara McCann; council members Vincent Signorile and Willie Flood, Urban Employment and Training Corp. Board Member Edward Cheatam, and McCann's two bodyguards, Detectives Tony Bonacarti and

"The city has been in a total state of chaos for the past few weeks. A lot of people have not been focusing on the business of running the city."

Bill O'Dea
City Councilman

Joseph Roselle, paid by the Police Department to protect him at all times.

When asked who's watching the water flow back home, Harrold replied, "All our assistants."

City resident Chester Jankowski asked the question posed by other taxpayers who have attended the trial. "Is the city paying their salaries to come down here?"

"That's a ludicrous question," said Vicente, a familiar face in the courtroom over the past two weeks.

"Everyone's here on their own time, either vacation or personal days. We're

making sure the offices are manned properly. Everything is under control."

He said the workers decide for themselves whether to take the hour-and-a-half ride to Trenton each day. But they try to discourage people from coming more than once a week.

Back at City Hall, Councilman Bill O'Dea had a hard time finding anyone in the empty halls. He said the city has been running on automatic pilot for quite some time.

"The city has been in a total state of chaos for the past few weeks," he said. "A lot of people have not been focusing on the business of running the city."

O'Dea added that he and Councilman Jaime Vazquez will send a letter to the head of personnel and to Business Administrator Fred Tomkins, asking for confirmation that anyone who visits the trial did not attend on company time.

He said the council authorized the mayor to have one paid city worker with him at all times. That person carries a beeper, just in case an emergency arises back home.

McCann takes the stand

Continued from Page 1

Attorney Michael Chertoff, whose aggressive courtroom tactics have unsettled previous witnesses.

McCann runs the risk that Chertoff will confront him with possible inconsistencies between his testimony and the seven statements he gave last year to prosecutors and FBI agents. McCann also has a history of publicly insulting Chertoff, who has dismissed McCann's allegations of prosecutorial misconduct as "outlandish."

McCann testified that he dealt directly with Gibbs on the Liberty State Park deal. But Gibbs, McCann said, failed to live up to his promise to have a planning expert from the Hilton Head Development Co. in South Carolina help him and his partners prepare a proposal to build a marina in the park.

After they missed the August 1986 deadline to bid on the marina development rights, Hilton Head apologized "for having dropped the ball" on the project, McCann testified.

McCann told the jury of a close relationship he had with Gibbs, saying he stayed at Gibbs' house in Boca Raton and visited him at his home in Rumson and office at Rockefeller Center in Manhattan. McCann said they also attended sports events together, as well as an Atlantic City concert of Kool & The Gang, a rock group whose members have roots in Jersey City.

McCann challenged the testimony of Southern Florida Banc Vice Chairman Gennaro D'Amore, who remained at the thrift after the departure of Gibbs, that McCann dodged Southern Florida Banc's repeated attempts to find out what happened to

the \$300,000.

"It didn't seem to be that important to him," McCann said of D'Amore's July 1986 letter requesting an accounting for the money.

McCann said he responded to D'Amore's November 1986 renewal of the request for an accounting by telling him how much money Historic Equishares had left.

And to D'Amore's inquiry on the status of the Liberty State Park project, McCann recalled telling him, "You got to be kidding me. What are you talking about? You know what happened at Liberty State Park."

McCann also testified that he worked with Gibbs on proposals for developments in Hoboken, Union City and Beach Haven at the Jersey Shore. In each case, Gibbs seemed "very interested" in the proposal, but Southern Florida Banc ultimately failed to provide financing, McCann recalled.

In other testimony, McCann said he had no "good excuse" for failing to tell the IRS of the more than \$15,000 in personal expenses that MGT Ventures Inc. paid for him in 1986. McCann, who was president and part owner of MGT, is charged with evading income taxes on the money.

Asked by Boylan why he failed to tell his accountant, Matthew Donohue, of the MGT income when Donohue prepared his 1986 tax return, McCann replied, "Well, to a certain degree a lot of it was very personal."

"I don't do taxes," added McCann, who is a certified public accountant. "Most of what I did in my accounting firm is get clients. I did tax returns, but I would do the simplest of tax returns."

It's a kinder, gentler McCann

Continued from Page 1

stituting for t's and dropped r's.

As in a church wedding, the audience split down the middle. A large crowd of city workers filled the right half of the courtroom, while FBI agents and the press kept mostly to the left. During breaks in the proceedings, the scene resembled a wedding reception. McCann's contingent talked loudly and joked with one another.

McCann, in full control of his testimony, led defense attorney Matthew Boylan through his short-lived development career. He told the jury that he fully cooperated with the government's inquiries. "Every document they're using came directly from me," McCann said smoothly.

He explained that he never filed his

own taxes. "I don't do taxes," he said, shrugging off the discrepancies in his income tax returns. He said he had no good excuse for filing late, but never thought it was a problem, because the IRS owed him money.

The talkative mayor politely disagreed with Boylan on several occasions, disputing numbers on his phone bill and dates from his diary, which he glanced at frequently.

The only heated moment arose when Prosecutor Michael Chertoff interrupted the direct examination to grill McCann on the volunteers who helped him prepare his defense. Chertoff insisted that city employees worked on city time to check and organize a phone list. But McCann calmly denied the allegation.

Mature fashion is hardly old-fashioned

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■ **Two weeks remain for regular leaf pickups** Page 2
 ■ **Council due to award \$150G contract to computerize Violations Bureau** Page 2

Mets obtain Bret Saberhagen from Royals
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THE JERSEY JOURNAL

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BHA commissioner quits

HA/byBy Steven Kalcanides
 Journal staff writer

A Bayonne Housing Authority commissioner, who said she had become disenchanted with the regulations of the public housing system, has resigned.

"Upon accepting the appointment as commissioner of the Bayonne Housing Authority, I said I would sit in quietly at the meetings during the learning process," Marilyn T. Solan said yesterday.

"As months passed, and so many people's requests for my assistance could not be realized, since I was frequently handed

Solan cites disenchantment with public housing system

HUD regulations in answer to these requests, I became more and more disenchanted with the system."

Solan had been a trustee for less than a year.

She said she was frustrated by her inability to assist tenants.

She gave the following reason for her resignation, which was tendered last month:

"Not ever having been a per-

son who could just sit in on meetings, I feel there are other avenues of service wherein I can more actively utilize my talents."

City Council members, who had voted 4-1 earlier this year to appoint Solan to the Housing Authority, said they were surprised by her resignation and had not been formally notified about it.

"Officially, I didn't hear anything," said Councilwoman-at-large Dorothy Harrington, the only council member who did not vote to appoint Solan in February.

"I would certainly hope that the council would be appointing someone," Harrington said.

Solan's seat is now vacant on the Housing Authority. Earnest Allen's position is also reportedly expiring as well as commissioner Leo Slomovitz's. Allen is a mayoral appointment; Slomovitz is a council appointment.

See — Page 17

Smith is innocent

A jury of four women and two men took about 90 minutes yesterday to reject the allegations of a 30-year-old woman and acquitted William Kennedy Smith of sexual assault and battery in West Palm Beach, Fla.. The case focused national attention on the issue of date rape and tarnished the Kennedy legend. Full report and photo on page 12.



McCann comes out swinging

Sparring match spills over into ringside seats

By Helene Stapinski
 Journal staff writer

TRENTON — Jersey City Mayor Gerald McCann and Prosecutor Michael Chertoff went toe to toe in Trenton yesterday, but an elderly woman shouting insults and a mystery blonde landed the best punches.

Because of the 50 onlookers yesterday, the trial was moved to a bigger forum — the third-floor courtroom where jury selection was held last month.

Chertoff, whose arrogance at first made McCann look naive, slowly pounded away at the mayor's credibility, questioning his statements to the press, his diary entries and his income tax returns.

Chertoff began his intense cross-examination by asking McCann whether he felt "out-classed" by the businessmen and developers he dealt with in the mid-1980s. He referred to the "legendary football games" McCann attended with people like Donald Trump and Roy Cohn.

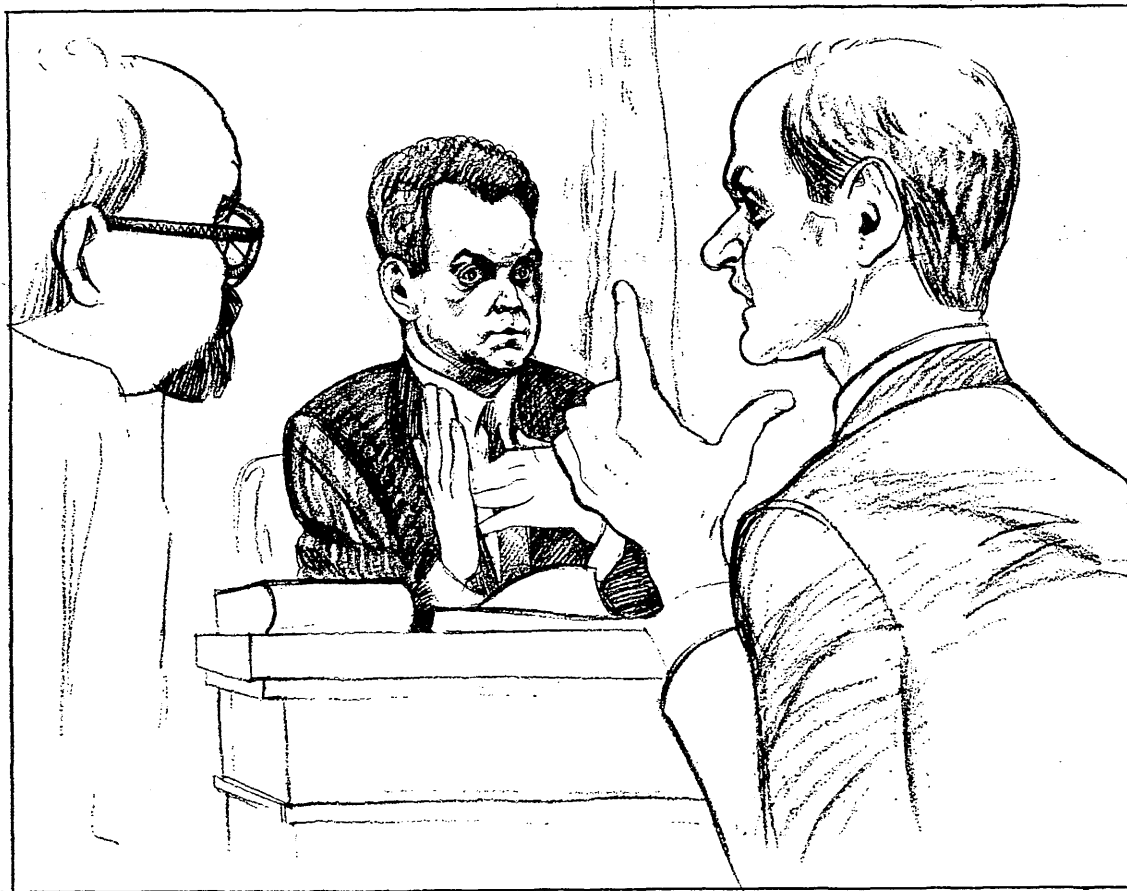
McCann's attorney Matthew Boylan objected to Chertoff's use of the word "class." "We're not talking about boxing," said Boylan.

But the way the day unfolded, McCann and Chertoff may as well have been wearing gloves and mouthpieces. In contrast to Tuesday's proceedings, McCann checked his manners at the door.

McCann grabbed documents out of Chertoff's hands, contradicted his statements and ad libbed. Judge John C. Lifland tried to put a stop to what he labeled "an argument mode."

"Can I play, too?" Lifland

See SPARRING — Page 5



U.S. Attorney Michael Chertoff, right, fires questions at Jersey City Mayor Gerald McCann as the mayor takes the witness stand for the second consecutive day in his bank fraud trial.

Sketch by Rebekah Boyer

Feds supoen a mayoral staffers in courtroom

TRENTON — Jersey City Mayor Gerald McCann's chief of staff said federal agents served him yesterday with a subpoena ordering him to be fingerprinted today at the U.S. Marshals office in Trenton.

Chief of Staff Harold "Bud" Demellier said the agents handed him the subpoena in the courtroom where McCann is standing trial on charges of bank fraud and tax evasion.

Demellier said he had "absolutely no idea" why authorities want his fingerprints.

"I'm not concerned at all," he said.

Demellier said mayoral aide Raul Vicente, Jr. has also been subpoenaed. Vicente became highly irritated when

See FEDS — Page 5

Failure to state taxable income was 'mistake'

By Michael Finnegan
 Journal staff writer

TRENTON — Jersey City Mayor Gerald McCann told a federal jury yesterday that he made "a mistake" by failing to report thousands of dollars in taxable income on his 1986 federal tax return.

And he said it was "a stupid mistake" for him to delete "perjury" or "under penalties of perjury" from statements above his signature on other tax returns certifying that the returns were true and complete.

But in his second day of testimony at his bank fraud and tax evasion trial, McCann told the jury he did not "knowingly and willfully" do anything improper.

Prosecutors say McCann evaded income taxes on more than half his income in 1986, telling the IRS he earned a \$19,000 salary, when in fact he collected another \$23,259 in unreported personal expenses paid for him by MGT Ventures Inc. McCann was president and part owner of MGT, a real estate development company.

McCann told the IRS last year that MGT paid \$15,640 in personal expenses for him in 1986, but testified yesterday that he no longer accepts that figure.

"This wasn't a major amount of money," McCann said.

McCann agreed with U.S. Attorney Michael Chertoff that when he filed his 1986 tax return, the MGT credit card bills and other records showing the company paid his personal expenses were stored in his desk drawer and in the files of his accountant, Matthew Donohue of Bayonne.

At the time, McCann worked in the same office as Donohue, but he said he told him nothing about the records showing MGT bought him thousands of dollars in rare stamps and coins, paid for his lease of a Mercedes Benz 560SL, restaurant meals and other personal items.

"Was there a reason that you failed to disclose to Mr. Donohue that you had this expense income?" Chertoff asked.

"No, it was a mistake," McCann replied. "It was an oversight."

See MCCANN — Page 5

Excerpts of trial transcripts on pages 4 and 5

HCCC deadline near with no candidates

By Deborah Yaffe
 Journal staff writer

Hudson County Community College may have an interim president for as long as 18 months while college trustees search for a permanent chief, according to a college lawyer and a trustee.

Narcisa A. Polonio's resignation, announced Sept. 19, is scheduled to take effect in three weeks, but no interim appointment has been made. And the trustee committee charged with searching for a permanent president has yet to meet, according

to one member of the committee.

Two months ago, Board of Trustees Chairman Joseph Lecowitch said he hoped to have a permanent president in place by April, but college attorney tees was canceled for lack of a quorum, and the next regularly scheduled meeting is in mid-January.

The interim president will probably be a retired college administrator unconnected with HCCC, Lecowitch said. By last week, Lecowitch said, he had

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Inside

WEATHER:



Today: Mostly sunny, continued mild, around 50
 Tonight: Increasing cloudiness. Low in mid 40s
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DEPE giving rats chromium

By Dan Rosenfeld
 Journal staff writer

People living near chromium sites have often complained that scientists are using them as human guinea pigs to test the effects of contamination.

Now these "guinea pigs" have been joined by 250 real rodents.

Researchers put chromium-tainted dirt from Jersey City into the lungs of rats to see if the known carcinogen will still cause tumors when mixed with soil.

"This study is supposed to mimic human exposure," said

Testing will mimic humans' exposure

Robert Hazen, Department of Environmental Protection and Energy chief of the Bureau of Risk Assessment.

"The analogy is to the human (residential) exposure," he added. "But the study wasn't designed to try and mimic exactly what happens in human chromium inhalation."

Using rats to gauge the deadly effects of chromium is not new. Hundreds of studies have been done, but that research was aimed at the effects of the toxic heavy metal among chromium workers.

Those tests proved chromium can cause lung cancer, damage the kidneys and liver and cause skin rashes. Its burning power can rip holes into the nose, respiratory tract and skin.

Animal testing, from drugs to environmental hazards, is the foundation for predicting results in humans.

"The problem with trying to study the phenomenon is that animals are more resistant to cancer from chromium than people," Hazen said.

Three million tons of toxic chromate slag are buried in more than 150 sites throughout

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THE McCANN TRIAL

Chertoff, McCann square off in court

(Editors Note: U.S. Attorney Michael Chertoff began his cross-examination of Gerald McCann by asking about McCann's dealings with former Southern Floridabanc chairman Robert V. Gibbs and various real estate developers.)

CHERTOFF: Mr. McCann, at the time you met Mr. Gibbs in 1985 you were a sophisticated man, were you not?

BOYLAN: What does that mean, your Honor, sophisticated man?

CHERTOFF: Are you having trouble understanding the question?

McCANN: Sophistication as to what? That's all.

CHERTOFF: As to business?

McCANN: Some aspects.

CHERTOFF: As to development?

McCANN: Some aspects.

CHERTOFF: Would you say when you took that plane trip from Florida to Philadelphia to meet Mr. Wallace and you were on the plane with Mr. Ginn and Mr. Gibbs, would you say you felt like you had died and gone to heaven?

McCANN: Died and gone to heaven by flying in Mr. Ginn's plane?

CHERTOFF: The question is, when you flew with Mr. Ginn and Mr. Gibbs up to see the architect in Philadelphia, did you feel you had died and gone to heaven?

McCANN: I think I was elated by the prospects.

CHERTOFF: Did you feel you were in the company of people who you considered to be heavy hitters as compared to yourself?

McCANN: Yes.

CHERTOFF: You did?

McCANN: Yes.

CHERTOFF: In fact, sir, you had contact for the prior four years with a number of people who were very heavy hitters, didn't you?

McCANN: It's all relative, but yes.

CHERTOFF: Can you speak up a little?

McCANN: It's all relative, but yes.

CHERTOFF: Relatively speaking, you had contact with Donald Trump in the preceding four years. Right?

McCANN: What do you mean contact? Did I ever talk to him?

CHERTOFF: Did you have conversations with him?

McCANN: Yes.

CHERTOFF: You had telephone conversations with him. Right?

McCANN: I met him at football games.

CHERTOFF: That's your only contact with Donald Trump?

McCANN: Pretty much.

CHERTOFF: What about Sam Lefrak?

McCANN: We had regular negotiations with Mr. Lefrak.

CHERTOFF: You had regular negotiations with Mr. Lefrak. Right?

McCANN: Yes.

CHERTOFF: This is the Sam Lefrak of Lefrak City. Right?

McCANN: Amongst other things, yes.

CHERTOFF: One of the biggest developers in the world?

McCANN: I don't know the world, but in the United States, I believe he is the largest housing developer.

CHERTOFF: And you were involved in negotiations with him over in Newport City. Right?

McCANN: Well, directly some. Most of the negotiations were through the attorneys.

CHERTOFF: In fact you boasted during your 1985 political campaign that you were responsible for bringing substantial development to Jersey City. Right?

McCANN: Yes.

CHERTOFF: You told people you were a person who was capable of meeting and dealing with sophisticated big developers to bring them into the city and negotiate a good deal for the citizens of Jersey City. Right?

McCANN: In politics you are allowed a certain amount of play with that. When I'm talking to you or he I'm talking about our administration.

CHERTOFF: You are not saying what you told the voters in 1985 you knew not to be true, are you?

BOYLAN: Objection.

JUDGE LIFLAND: I'll allow the question. **McCANN:** When we run a campaign and the things we say in a campaign as to our potentials to continue the development going, you talk in terms of your entire administration. I didn't negotiate every single contract with Mr. Lefrak or any other developers. Our attorneys did. The staff of our Economic Development office did. The Redevelopment Agency did. Some of the things that we were successful in might come about in my leadership by picking the right people to make those decisions.

CHERTOFF: In fact there were a number of developments that you boasted about having had responsibility for bringing in Jersey City. Right?

McCANN: Some, yes.

CHERTOFF: There was Port Liberte. Correct?

McCANN: Yes.

CHERTOFF: You think Mr. Bucha. Right?

McCANN: Yes.

CHERTOFF: He was the developer on that right?

McCANN: He came in on another project, Mr. Chertoff. He had proposed to develop Liberty State Park.

CHERTOFF: Let's keep to the question. Was he a developer for Port Liberte?

McCANN: Yes.

CHERTOFF: That's in fact the same Port Liberte where you currently live?

McCANN: Yes.

CHERTOFF: And you dealt with Mr. Bucha. Right?

McCANN: Mr. McCreary was the first person.

CHERTOFF: You also dealt with a developer of Harsimus Cove?

McCANN: That was built after I came into office. There is a woman architect from Boston that was involved with the development, yes. Her attorney is the person we dealt with mostly.

CHERTOFF: But you were involved in it, too. Right?

McCANN: Yes.

CHERTOFF: You would say that that project and the development benefited from your leadership and your experience. Right?

McCANN: I think a lot of those things came from my leadership, not necessarily every action.

CHERTOFF: You didn't feel yourself outclassed in dealing with all these big devel-



Prosecutor Michael Chertoff and Jersey City Mayor Gerald McCann spar during McCann's testimony yesterday.

opers who are coming into Jersey City in 1981 to 1985, did you?

McCANN: I think the point, Mr. Chertoff, is I didn't —

CHERTOFF: Please answer the question. **McCANN:** Did I think I was outclassed?

BOYLAN: That's an argumentative question, your Honor. Do you think you were outclassed? We're not talking about boxing. **JUDGE LIFLAND:** I'll allow it.

CHERTOFF: Did you feel you were outclassed by all these big developers who were coming into Jersey City from 1982 to 1985?

McCANN: I was impressed by their credentials.

CHERTOFF: Did you feel you were outclassed by them?

McCANN: Outclassed, absolutely. They are very wealthy people. I'm a guy making \$40,000 a year.

CHERTOFF: You felt at a disadvantage in dealing with them?

McCANN: No, I didn't say disadvantage. You said outclassed. These were multi-millionaires. Mr. Lefrak is worth over a billion dollars. I'm making \$45,000 a year.

CHERTOFF: We're not discussing money here.

McCANN: That's what I thought you meant by class.

CHERTOFF: We're discussing understanding and intelligence and ability to understand financial dealings. With respect to



Gerald McCann
Jersey City Mayor

A. "No, it was a mistake. It was an oversight... It wasn't just a mistake, Mr. Chertoff, it was a stupid mistake."

your ability to understand financial dealings, did you feel at a disadvantage in dealing with people like Mr. Lefrak or Mr. Tesh you mentioned, or the development of Harsimus Cove, or any of the other developers who were coming into Jersey City from 1981 to 1985?

BOYLAN: Does the "you" mean him personally or his team?

CHERTOFF: I mean you personally.

McCANN: I hired the right people to do the right thing.

CHERTOFF: Did you personally feel outclassed in dealing with those developers when they came in to Jersey City from 1981 to 1985?

McCANN: Mr. Chertoff, I hired the right law firms to do the right thing.

CHERTOFF: I'm going to ask you one more time. You had face-to-face dealings with these developers. Correct?

McCANN: Not all of them, no. I never met the woman from Harsimus Cove.

CHERTOFF: You had face-to-face dealings with some of them. Right?

McCANN: Yes.

CHERTOFF: You had discussions with some of them. Right?

McCANN: Yes.

CHERTOFF: You made decisions. Right?

McCANN: Yes.

CHERTOFF: You just didn't sit in the mayor's office while your staff came in and they put pieces of paper which you signed. Right?

McCANN: If I trusted the person who prepared the paper I would sign it.

CHERTOFF: In other words, you would sit in the mayor's office and you would simply sign documents and ratify dealings that other people made out, not understanding them?

BOYLAN: Argumentative. He said if he trusted the person he would sign it. He didn't say he would sign something he didn't understand. Mr. Chertoff is engaging in a political argument.

CHERTOFF: Let me rephrase the question. **CHERTOFF:** Did you understand the things you were signing?

McCANN: Most of them, yes.

CHERTOFF: Most of them?

McCANN: I mean if there was an engineering statement that was going to be made and I didn't understand it, I'm not an engineer, but if Mr. Goble, for instance, prepared those documents I trusted his judgment. When I had attorneys in my office making legal judgments I relied on their legal abilities. I didn't have to understand everything in order to trust somebody.

CHERTOFF: You had decisions to make. Right?

McCANN: Yes.

CHERTOFF: When you sent people in to negotiate with developers, you had a responsibility to look out for the people of Jersey City. Right?

McCANN: Yes.

CHERTOFF: In order to do that you had to give your negotiators instructions as to what you wanted to see happen. Right?

McCANN: Generally, yes.

CHERTOFF: You had to give them instructions about what was important to protect the interests of the people of Jersey City. Right?

McCANN: Generally, yes.

CHERTOFF: That was your responsibility as a public official. Right?

McCANN: Generally, yes.

CHERTOFF: Did you understand the transactions that you were giving your negotiators instructions about?

McCANN: Generally, yes.

CHERTOFF: And in fact you boasted about the fact that you and Mr. Goble and Mr. Golodik had set the stage for and participated in projects such as Newport, Port Liberte, Liberty Harbor and Harsimus Cove. Right?

McCANN: Mr. Golodik is a newspaper reporter and he did prepare those statements.

CHERTOFF: I beg your pardon?

McCANN: Mr. Golodik is a newspaper reporter and, yes, he prepared those statements.

CHERTOFF: Were they true?

McCANN: You said did he boast about it —

CHERTOFF: I asked, did you boast about it?

McCANN: Yes, we boasted about it.

CHERTOFF: The statement I just read was it true?

McCANN: Boasting?

CHERTOFF: Sir, is it true?

McCANN: Read it again now.

BOYLAN: Let's have the court reporter read it back.

(Record read.)

McCANN: We boasted about it.

CHERTOFF: Was it true?

McCANN: That we boasted about it? Absolutely.

CHERTOFF: Was it true in fact you and Mr. Goble and Mr. Golodik had set the stage —

McCANN: Amongst other people, Mr. Chertoff. It wasn't solely Mr. Goble, Mr. Golodik and myself.

CHERTOFF: Was it true, sir, you and Mr. Goble and Mr. Golodik had set the stage for and participated in the projects I mentioned?

McCANN: Mr. Goble and Mr. Golodik and myself, yes, we participated in it.

CHERTOFF: Is it true those projects profited from your leadership and your expertise?

McCANN: Yes, to a certain degree I believe that.

CHERTOFF: That was during the period

that you were mayor from 1981 to 1985. Correct?

McCANN: Well, yes, and I was a councilman from 1977 through 1981.

CHERTOFF: You are also a certified public accountant. Right?

McCANN: Yes.

CHERTOFF: In fact you are from time to time known to tell people when they question you concerning financial transactions involving the city of New Jersey that "I'm a CPA, I know what I'm doing?"

McCANN: City of Jersey City, yes.

CHERTOFF: You do boast about that?

McCANN: I boast, yes.

CHERTOFF: You have, as you told us during the course of your direct testimony, spent a good deal of time socializing with important and powerful people. Right?



Q. "Was there a reason that you failed to disclose to Mr. Donohue that you had this expense income?"

Michael Chertoff
Prosecutor

McCANN: I said this?

BOYLAN: I don't think so, your Honor.

CHERTOFF: Didn't you give us the names of people like Bob Tesh who you knew and Don Scher who you knew, people like that?

BOYLAN: That isn't a correct summary of the testimony. The Tesh thing was one thing at a football game in November of 1984 —

'86.

JUDGE LIFLAND: I'm sure Mr. Chertoff asked the witness what his testimony was.

McCANN: That's not true.

JUDGE LIFLAND: That's for Mr. McCann to affirm or deny.

McCANN: I did not socialize with him. I saw Mr. Tesh at football games. I did see Mr. Tesh at football games. He now owns the Giants. Mr. Scher, I never socialized with Mr. Scher.

CHERTOFF: You had business discussions with Mr. Scher?

McCANN: Yes.

CHERTOFF: You had business discussions with the head of the advisory Committee of Liberty State Park. Right?

McCANN: Vince Murphy.

CHERTOFF: You had discussions with him, too?

McCANN: Yes.

CHERTOFF: Now, Don Unger, owner of the Nets —

McCANN: One of the owners.

CHERTOFF: What were your dealings with him?

McCANN: Don is a personal friend of mine, also.

CHERTOFF: That was social. Correct?

McCANN: No, it was business, but he is also a personal friend.

CHERTOFF: You had business discussions with Mr. Unger, too?

McCANN: Well the talk then was about having the Nets play exhibition games at the Scranton arena. Don met Mr. Gibbs

with me —

CHERTOFF: Please, sir, you had business discussions with Mr. Unger?

BOYLAN: He is interrupting the witness' answer.

CHERTOFF: The witness has a tendency to ramble a bit.

JUDGE LIFLAND: Continue, Mr. McCann. You were talking about Mr. Unger.

McCANN: Mr. Unger is a stock broker and that's about it. He happens to be a friend of mine.

CHERTOFF: What about Hartz Mountain?

McCANN: He only owns 5 percent, just to put it on the record.

CHERTOFF: We'll let Mr. Unger take care of himself on the record. What about Hartz Mountain, did you have contact with the principals of Hartz Mountain?

McCANN: Gene Heller.

CHERTOFF: You had business discussions with him?

McCANN: Hartz Mountain had been interested in developing properties in Jersey City, and in fact they did build an office building in Journal Square.

CHERTOFF: So you had business discussions with them, too. Right.

McCANN: With Mr. Heller.

CHERTOFF: Yourself?

McCANN: Well, initially and then it's turned over to the staff. I don't do all the work myself.

(Editor's note: In this section of the testimony, Chertoff questions McCann about his failed bid to take over Metropolitan Savings Bank with such local figures as former Hudson County Democratic Chairman Joseph Panepinto and former North Bergen Mayor Peter Mocco.)

CHERTOFF: You were part of the group that in 1986 and '87 were discussing taking over the Metropolitan Savings Bank?

McCANN: Yes.

CHERTOFF: Did you read the documents and applications you submitted to the regulators to get permission to gain control of that bank?

CHERTOFF: Some of them, yes.

CHERTOFF: Who did you rely on for that transaction?

McCANN: I had three attorneys as my partners.

CHERTOFF: And so you simply did — oh, and three attorneys whom were your partners were Mr. Mocco, right?

McCANN: An attorney.

CHERTOFF: And a developer?

McCANN: And an attorney.

CHERTOFF: And a developer?

McCANN: And, I am saying yes, and an attorney.

CHERTOFF: And you had who else?

McCANN: Mr. Panepinto.

CHERTOFF: And who else?

McCANN: And Mr. DiFeo.

McCann denies intentional wrongdoing

Continued from Page 1

McCann told the jury he was "willing to take all of the blame for it, but it's not really all of my fault."

"Mr. Donohue had that information available to him," he said. "It wasn't as if he didn't know, for instance, that I had a car."

Prosecutors say McCann tried to cover up his alleged tax evasion by lying on the 1986 and 1987 corporate income tax returns that he filed for MGT. McCann acknowledged filing the returns in July 1990 after learning that a federal grand jury had subpoenaed his financial records, but denied trying to deceive the IRS.

On MGT's 1986 tax return, McCann reported the \$15,640 in personal expenses as a non-taxable "loan" from the corporation to himself. Prosecutors say the "loan" is bogus.

On MGT's 1987 return, McCann converted the "loan" into a taxable salary "bonus" that prosecutors say is also fictitious.

On his 1987 personal tax return, also filed in July 1990, McCann reported the "bonus" and paid taxes on it.

McCann, who is a certified public accountant, told the jury it was Donohue's idea to identify the so-called loan as a bonus. McCann said he deleted "under penalties of perjury" above his signature on the MGT tax returns because he "had a doubt as to Mr. Donohue's advice."

"It wasn't just a mistake, Mr. Chertoff, it was a stupid mistake," McCann testified.

"Another thing that was not intentional?" Chertoff asked.

"Absolutely," McCann said. "There was no way I had intended to mislead anybody. It wasn't in any way deliberate. It was a mistake. I wasn't sure of Mr. Donohue's advice. I don't practice taxes. I don't understand really the tax consequence of the advice. I followed it. I relied on his advice."

Chertoff asked McCann whether he struck out the "perjury" phrase "because you thought that way you would not be able to be prosecuted for making false statements."

McCann answered, "Absolutely not, Mr. Chertoff."

In about five hours of cross-examination, McCann answered many of Chertoff's questions with lengthy digressions into unrelated subjects, prompting repeated interruptions by U.S.

District Judge John C. Lifland.

"We are getting out of hand here," Lifland told McCann. "From now on you will answer the questions. The explanation, if you wish to give one, can come out on questioning by your counsel."

Just before the cross-examination, McCann's attorney, Matthew P. Boylan, asked the mayor whether he "knowingly and willingly" made false statements to the IRS on MGT's tax returns and on his personal 1987 return.

"Absolutely not," McCann said. "I relied on Mr. Donohue's advice."

Boylan also asked McCann whether as president of Historic Equishares Inc., he "knowingly and willfully" filed "false, fictitious and fraudulent" corporate tax returns for Historic Equishares.

"Absolutely not," McCann said.

An IRS agent has testified that McCann, who deleted "perjury" from the statement above his signature on the 1986 and 1987 returns he filed for Historic Equishares, reported \$74,800 in non-existent business expenses. Prosecutors say most of the money wound up in McCann's pocket.

McCann admitted yesterday that he told Donohue to report the "business" expenses on the Historic Equishares returns.

"And they are not accurate, to say the least?" Boylan asked.

"And in retrospect, that should never have been done," McCann replied.

"It should never have been done?"

"No."

"But you didn't do it to deceive anyone?"

"Absolutely not," McCann said. "There was absolutely no reason for me to do anything to deceive the IRS. There was no tax consequence to this action. It was stupid in retrospect, but it wasn't done intentionally."

Feds subpoena mayoral staffers in courtroom

Continued from Page 1

asked about the matter and refused to discuss it.

McCann's attorney, Matthew P. Boylan, confirmed that at least two McCann aides were subpoenaed, but said, "I can't imagine why they would be



Surrounded by newspaper and television reporters, Jersey City Mayor Gerald McCann, right, and his defense attorney answer questions after the mayor's second day of testimony in his trial on bank fraud.

Sparring and shouting spreads beyond ring

Continued from Page 1

asked sarcastically. "In the interest of moving things along, your explanations can come in re-direct," he told McCann.

Chertoff attempted to cut the talkative mayor off in mid-sentence. One city worker looked at the frustrated prosecutor and whispered, "Do you think Mr. Chertoff is going to take his ball and go home?"

But Chertoff prevailed. With

his nose in the air and his hand on his hip, he aimed at McCann's weak spot — his tax returns. McCann's face turned pink as he repeated over and over, "I made a mistake. It was stupid. I had no good reason."

McCann began contradicting the testimony of practically every previous witness (including his accountant and bank officials), leaving the jury to decide whether he or everyone else is lying.

He still tried to charm the jury by smiling at them while attorneys met in a sidebar conference. Back in the ring, Chertoff got McCann to refute three newspaper articles in which the mayor was quoted. One referred to Mary Jane Dough, a model who accompanied McCann on one of his plane trips. When Chertoff questioned him on the story, McCann denied making the remarks to a reporter.

But McCann gestured to the

front row when mentioning the woman's name. A mysterious blonde in the front row wouldn't verify her identity.

Chertoff got McCann to admit that his red diary, which he has relied on for his defense, is not accurate.

As usual, Boylan provided the comic relief. During McCann's explanation of his trips to Santa Domingo and Florida, Boylan quipped, "You're beginning to sound like Oliver North's guerrilla connection."

But the knockout punch came from Jean Wolfman, an elderly Jersey City resident attending the trial. (Wolfman attended last week, taking a \$100 cab ride to Trenton.)

As the jury filed out for afternoon break, Wolfman shouted at Chertoff, "He doesn't even look like a lawyer. He looks like a shrimp."

Chertoff and McCann square off in court

Continued from Page 4

McCANN: I signed the time depository note.

CHERTOFF: And you understood that you did not have the right to use Historic Equishares money, whether it be in a checking account or a certificate of deposit, as a downpayment for your own house?

McCANN: I did not deliberately, in any way, sign a document that was going to do anything improper concerning this certificate of deposit or any other certificate of deposit.

CHERTOFF: Did you understand that (you) had no right to use Historic Equishares money, or Historic Equishares certificate of deposit for your own personal house down payment?

McCANN: Without, you are talking about without the approval of the board of directors?

CHERTOFF: Without approval of the board of directors. Did you understand that you had no such right?

McCANN: With the approval from the board of directors, from what I now know — the answer is yes, I could have done it.

CHERTOFF: You didn't get approval of the board of directors to do that?

McCANN: Mr. Chertoff, I didn't think I did it so I didn't need to get approval for it. I didn't think I had done anything wrong.

CHERTOFF: Can we agree on — JUDGE LIFLAND: There is a question that needs, that is pending, and I think we are getting into an argument mode here.

McCANN: I don't mean to do that, Judge.

JUDGE LIFLAND: I know, perhaps. But we have to answer questions. That is the mode we operate in here. So let's not argue. Let's just answer questions.

McCANN: I apologize.

CHERTOFF: There was no board of directors action with respect to this, with respect to allowing you to use the Historic Equishares certificate of deposit?

McCANN: No, there wasn't.

CHERTOFF: And you understand, and you understood, that without such board of directors action, you had no right to use a certificate of deposit of Historic Equishares for your house downpayment. Correct.

McCANN: Absolutely.

(Editor's note: The questioning now turns to McCann's failure to declare on his tax returns certain income from the \$300,000 investment in Historic Equishares. The Donohue referred to is McCann's accountant Matthew Donohue, who testified previously.)

time came to file your tax return for 1986, you were absolutely aware that you had personal expenses that had been paid for by the corporation, that were not reflected on the W-2, right?

McCANN: There were some, yes.

CHERTOFF: And they were not reflected on the tax return?

McCANN: There were some, yes.

CHERTOFF: And you did not tell Mr. Donohue, wait, we are missing some income, right?

McCANN: Well, I think I told you that I did — I wasn't involved in the actual preparation of that tax return. Mr. Donohue kind of did it and I think he also testified that he does it with my wife.

CHERTOFF: Well, are you saying that it was your wife's responsibility —?

McCANN: No, no.

CHERTOFF: — to give Mr. Donohue —

McCANN: No, no, I am not blaming anything on my wife.

CHERTOFF: You were the individual with the credit cards, right?

McCANN: And the person who signed the tax return.

CHERTOFF: And you were the individual who was receiving the money that was being paid for by the company to pay those personal credit cards, right?

McCANN: Yes.

CHERTOFF: And you made a decision not to tell Mr. Donohue —

McCANN: That wasn't, it was not an intentional decision not to tell Mr. Donohue. It was an oversight. It was a mistake.

CHERTOFF: Was there a reason that you failed to disclose to Mr. Donohue in March of '88 that you had this expense income in 1986?

McCANN: I am sorry. But I am not — just the one word, something '86, I didn't hear?

CHERTOFF: Was there a reason that you can tell us that you failed to disclose to Mr. Donohue in March of 1988 that you had this expense income in 1986?

McCANN: That I had this — was there a reason?

CHERTOFF: Yes.

McCANN: No, it was a mistake. It was an oversight. I made a mistake.

CHERTOFF: Oversight?

McCANN: It was a mistake.

(Editor's note: Chertoff now grills McCann on his deletion of certain certification language on his tax returns, including the words "under penalty of perjury.")

CHERTOFF: Now, when you filed your tax returns that were prepared in 1990 for 1986 and 1987, you struck out certain words on the certification over the signature. Correct?

McCANN: Yes.

CHERTOFF: And those are the words that state the papers are filed under penalty of perjury. Correct?

McCANN: Yes.

CHERTOFF: Was it your practice before 1990 to strike those words out?

McCANN: No.

CHERTOFF: Sir, it is a fact that you knew that the tax return you were filing was not accurate, to the best of your knowledge, what you were filing in 1990. Correct?

McCANN: No, I relied on Mr. Donohue's advice.

CHERTOFF: Oh, Mr. Donohue told you to scratch it out?

McCANN: No, no, see you said about the tax return. Right? You didn't talk — I can have you read your own question back, Mr. Chertoff.

JUDGE LIFLAND: Mr. McCann, let's not argue with counsel.

BOYLAN: And vice versa, Judge.

JUDGE LIFLAND: And vice versa.

CHERTOFF: Sir, in 1990, let's go over it again, you struck out the words under penalty of perjury or perjury on each of the tax returns you filed for the years of '86 and '87 that were prepared in '90?

McCANN: And I answered yes.

CHERTOFF: Was it your practice generally to strike those words out?

McCANN: I answered no.

CHERTOFF: Did you have a doubt about whether the penalty of perjury — did you have a doubt about whether the information you were providing on the return was accurate and complete to the best of your knowledge?

McCANN: In terms of the advice that I received I had a doubt as to Mr. Donohue's advice, but I relied upon it.

CHERTOFF: Sir, you understand that all that is required of you to sign this under penalties of perjury is that you do to the best of your knowledge and

belief state the facts therein?

McCANN: It was a stupid mistake, Mr. Chertoff.

CHERTOFF: Your striking out of the jurat, this certification on all these returns, was a mistake?

MCCANN: It was a stupid — it wasn't just a mistake, Mr. Chertoff, it was a stupid mistake.

(Editor's note: Chertoff questions McCann here about his dealings with former Congressman Cornelius Gallagher.)

McCANN: There was another project, the person who was the insurance person, he had, he personally lived in Santo Domingo. His offices were in Santo Domingo, the hotel that he owned was in Puerto Plata, which is on the northern part of the Dominican Republic, literally on the other side of the island.

CHERTOFF: Didn't you get involved with Neil Gallagher in a project in Santo Domingo?

MCCANN: That was it.

CHERTOFF: That was Historic Equishares project?

MCCANN: Initially, yes.

CHERTOFF: What do you mean initially?

MCCANN: That is what we intended to do. We never did the project.

CHERTOFF: What was the project supposed to be?

MCCANN: Puerto Plata beach resort hotel had an opportunity to get a casino license. And that was, you know, that was what we had intended.

CHERTOFF: Oh, you were going to go into the casino business?

MCCANN: It was real estate from our standpoint.

CHERTOFF: Now, when you talked to Mr. D'Amore in connection with this project in Santo Domingo, did you tell Mr. D'Amore that Mr. Gallagher was going to be part of the project?

(Editor's note: Gennaro D'Amore was one of the six board of directors of Historic Equishares. He was affiliated with Southern Florida Banc, which provided the firm with \$300,000.)

MCCANN: No, I told Mr. Gibbs.

CHERTOFF: And when you told Mr. Gibbs that Mr. Gallagher was going to

be part of the project, did you tell him who Mr. Gallagher was?

MCCANN: I think he knew who Mr. Gallagher was.

CHERTOFF: Let's not talk about what you think. Let's find out what you told him.

MCCANN: Well, he met — yes, he was a former Congressman.

CHERTOFF: That is not all that was relevant or material about Mr. Gallagher, that he was a former Congressman, is there?

BOYLAN: Objection, your Honor.

MCCANN: Real —

CHERTOFF: Did you mention he was a convicted felon?

MCCANN: No.

CHERTOFF: Did you mention he was a convicted tax evader?

MCCANN: No.

CHERTOFF: You didn't think that was something the bank wanted to know about a potential partner in getting a casino license?

MCCANN: I didn't know he was a convicted tax evader. I knew he had been in trouble as a Congressman but not tax evasion.

CHERTOFF: You didn't know he had been convicted of a federal crime?

MCCANN: Yes, I knew that he was in trouble.

CHERTOFF: And you didn't —

MCCANN: Mr. Gibbs knew it also.

CHERTOFF: Let's not put what is in —

BOYLAN: No, no.

CHERTOFF: Did you have discussions with Mr. Gibbs about the fact that Mr. Gallagher was a convicted felon?

MCCANN: Did I sit down and talk to him about it, no.

CHERTOFF: So you don't know it was in his mind, right?

MCCANN: I knew he knew.

CHERTOFF: If you didn't talk about it, sir, even —

MCCANN: We had a passing conversation about Mr. Gallagher's problems when I first introduced him to Mr. Gallagher at the football game.

CHERTOFF: With Mr. Cohn and everybody else that was there, right?

MCCANN: Right.

CHERTOFF: And what was that passing conversation?

MCCANN: That he had been in trouble before.

'Hook' captain really lives in Hoboken
See Tempo



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■ **Smith attorney says Ted Kennedy was real target of case** Page 11

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THE JERSEY JOURNAL

125th Year — No. 190 ★ ***

Friday, December 13, 1991

35¢

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Parking lot irks dozens
Residents ask review of plan

By Peter Benedict
Journal staff writer

Nearly three dozen 33rd and 32nd street residents have sent the Bayonne Parking Authority a petition asking the agency to reconsider its plan to build a parking lot on East 33rd Street.

The lot will add unwanted traffic, endanger children and reduce property values, according to the petition sent Dec. 3 by Anthony San Philip to the agency, Mayor Richard Rutkowski and Councilman Vincent Lo Re Jr.

The lot, with its estimated 35 spaces, will help alleviate traffic congestion and reduce or eliminate dangerous double parking, Parking Authority Chairman Matthew Guerra said at the agency's meeting this week.

The BPA voted last month to buy land at 21-23 E. 33rd St. from Sal Churchill and another seller at a cost of \$276,800. The price has increased to \$278,548, Guerra said, because the seller underestimated certain costs.

Located on the north side of the street, about four lots in from the corner of Broadway, it is the second property in its history that the authority will own. The first is the new East 19th Street lot.

While several residents and business owners in the area of 33rd Street and Broadway voiced their support for the plan last month, a larger number of East 33rd Street residents evidently feel the opposite.

"As taxpayers and residents of this neighborhood, we strongly oppose this decision and demand a right to be heard," San Philip, a local realtor, wrote in the cover letter attached to the petition.

"Our area is designated as 'residential' and by adding the parking lot, it will not only cre-

See RESIDENTS — Page 10

Committee approves repeal of state taxes

By Thomas Martello
Associated Press Writer

TRENTON (AP) — A key state Senate committee yesterday approved a controversial Democratic proposal to roll back the party's \$2.8 billion tax increase by the middle of 1992.

The action by the Senate's finance committee sets up a vote in the upper house for next week. The bills have yet to be introduced in the Assembly, however, and may be opposed by Gov. Jim Florio.

"I've been chastised in possibly every editorial in the state ... but I believe this is the right thing to do," said Sen. Laurence Weiss, D-Middlesex, the committee chairman. "Taxes should be looked at a second time."

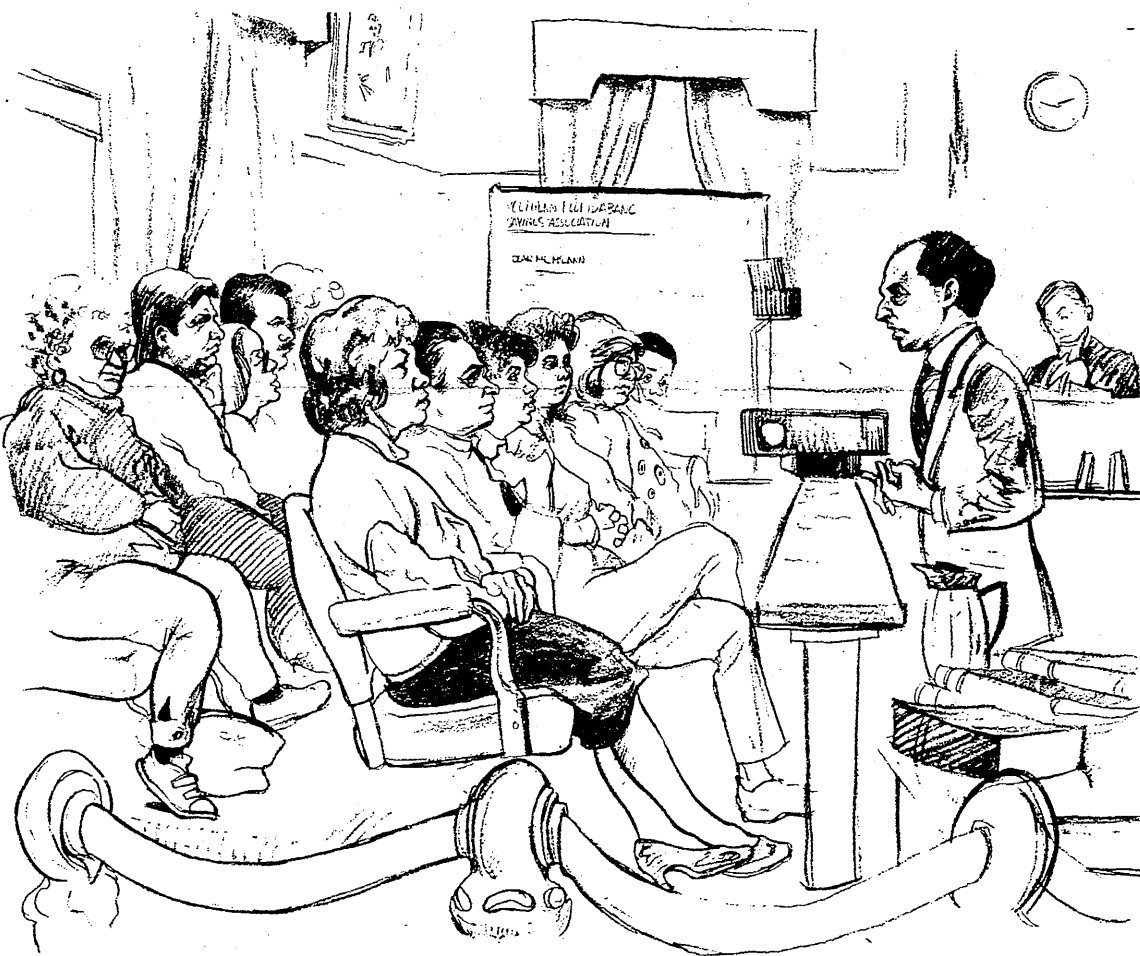
Republicans have blasted the move by the lame-duck Democrats as irresponsible. The three GOP members of the committee again boycotted the tax debate on Wednesday. The

See SENATE — Page 10

"What thief wouldn't be glad to return the money when he is found out, and it's discovered that he has taken the dough? Anybody who knows he is caught would be glad to give the money back."

Eric Tunis
Asst. U.S. Attorney

Prosecutor calls McCann a thief, liar and con artist



Sketch by Rebekah Boyer

Assistant U.S. Attorney Eric Tunis, right, makes his final argument to the jury hearing bank fraud and tax evasion charges against Jersey City Mayor Gerald McCann in Trenton.

Mayor admits false expenses in 2 tax returns

By Michael Finnegan
Journal staff writer

TRENTON — A federal prosecutor depicted Jersey City Mayor Gerald McCann yesterday as a liar, con artist and thief who "plundered" a savings and loan's \$300,000 investment in a real estate project.

In closing remarks at McCann's bank fraud trial, Assistant U.S. Attorney Eric Tunis named eight witnesses whose testimony contradicted the mayor's, telling the jury McCann was "not worthy of believing."

"When you consider the inconsistencies, you can see that Gerald McCann has done each and every thing that each and every person on this list has said he's done," Tunis said.

The two-hour summation came after McCann admitted on his third day of testimony that he reported \$44,000 in false business expenses on the corporate tax returns he filed last year for Historic Equishares Inc., a real estate company he ran in 1986 and 1987. He offered no explanation.

Prosecutors say McCann reported the fictitious expenses to cover up his misuse of \$300,000 that a Boca Raton savings and loan, Southern Floridabanc, invested in Historic Equishares.

In closing arguments, Tunis asked the jury to pose three questions about McCann's arrangement with Southern Floridabanc:

"Where did the money go? What did the defendant tell the bank he did with the money? And how did he hide what he had actually done?"

According to Tunis, the "lion's share" of the money wound up in McCann's pocket; McCann told the bank "essentially nothing"; and McCann concocted a "shell game" to conceal his fraud, secretly transferring most of the money from Historic Equishares to another corporation before spending it on personal pleasures.

Tunis also told the jury that McCann failed to report \$23,259 of the money he took from Southern Floridabanc as income on his 1986 federal tax return. And as a certified public accountant, McCann "clearly understood" the impropriety of the tax evasion, Tunis said.

As for McCann's defense that he ultimately reported the income on his 1987 tax return, Tunis reminded the jury of McCann's testimony that he filed the 1987 return in 1990 after learning a federal grand jury was investigating his finances.

"What thief wouldn't be glad to return the money when he is found out, and it's discovered

Transcripts of prosecution's closing statements, McCann cross-examination on Pages 4 and 5.

Trial Highlights

- McCann admitted he reported \$44,000 in false business expenses on his corporate tax returns.
- The "lion's share" of the \$300,000 bank investment went into McCann's pocket, a prosecutor said in closing remarks.
- Defense attorney Matthew Boylan will give his summation today and McCann's fate will be placed in the hands of the jury as early as tomorrow afternoon.



Grins and comic quips turn sour by the end of the day

By Helene Stapinski
Journal staff writer

TRENTON — Jersey City Mayor Gerald McCann entertained the jury all morning with smart quips and comments, but by the end of the day McCann wasn't smiling.

Under cross examination in near stream-of-consciousness testimony, McCann elicited more than a few chuckles from the 14 jurors.

Talking right over Prosecutor Michael Chertoff, Judge John C. Lifland and his own defense attorney, McCann explained the story behind the furs, his Mercedes Benz and the rare coins he

purchased.

Unlike the day before, Chertoff didn't argue with the mayor. The banter was light and almost playful. When McCann wouldn't stop talking, though, Chertoff would simply ask the judge to intervene.

Lifland instructed McCann about a dozen times just to answer Chertoff's questions. But McCann continued.

When McCann's attorney, Matthew Boylan, stood up to object to Chertoff's line of questioning, McCann kept on yapping.

"They moved me on the line of scrimmage, so to speak," laughed Boylan, be-

See QUIPS — Page 10

See MCCANN — Page 10

Science cites advance against common cold

By Paul Recer
AP Science Writer

WASHINGTON — Researchers say they have created a virus in a test tube, an advance that could help in the search for new treatments for the common cold and for other little-understood viruses.

A team at the school of medicine at the State University of New York at Stony Brook reports in the journal Science that polio virus formed itself in a test tube after they mixed components of a polio viral particle with some of the proteins and

enzymes from a human cancer cell.

Neither the virus nor the cell was intact at the beginning of the experiment, but at the end, whole, fully active viruses appeared, the researchers said.

"This is the first time that a virus has been grown in a cell-free environment," said team leader Eckard Wimmer. The process is much simpler than other techniques used to study of viruses, he said, and is expected to give insights into previously hidden areas of the

See SCIENCE — Page 10

Inside

WEATHER:



Today: Cloudy, showers likely, high 55 to 60

Tonight: Cloudy, showers likely, low in 40s

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Indictments in Ortega jail murder get an OK

By Patricia Scott
Journal staff writer

A grand jury indictment charging four Hudson County corrections officers with the 1989 murder of jail inmate Arnaldo Ortega will stand, a Superior Court Judge ruled yesterday.

Judge Kevin G. Callahan said the Nov. 11, 1989 murder indictment, voted upon by 13 members of a grand jury that heard a months' worth of evidence, was handled "efficiently, correctly and professionally" by grand jury personnel.

"I have every reason to believe this indictment was handled in a capable and proper manner," said Callahan, noting the "impeccable credentials" of Ralph A. Solimine, chief clerk to the grand jury. "The indictment was efficiently and correctly returned."

Defense lawyers who represent the four suspended corrections officers argued in motions made last month that alleged inconsistencies existed in grand jury record-keeping

See INDICTMENTS — Page 10

THE McCANN TRIAL

McCann defends salaries, Mercedes

(Editor's Note: In the second day of cross-examination, Prosecutor Michael Chertoff questioned McCann about his 1986 business efforts.)

CHERTOFF: In 1986 you became very intensively involved in discussions to put together a group to acquire Metropolitan Savings and Loan. Correct?

McCANN: Yes.

CHERTOFF: And you had a lot of meetings in 1986 concerning the acquisition of Metropolitan Savings and Loan. Correct?

McCANN: A dozen.

CHERTOFF: A dozen?

McCANN: Yes.

BOYLAN: I'm saving my objection in the sense of speeding things up, but I don't think this is too relevant.

CHERTOFF: I think it's relevant.

JUDGE LIFLAND: Let's find out. Go ahead.

CHERTOFF: Do you have your 1986 diary?

McCANN: Yes.

CHERTOFF: Did you attend board meetings at Metropolitan Savings and Loan?

McCANN: Yes.

CHERTOFF: July 17, 1986, you had a meeting at Metropolitan Savings and Loan, board meeting. Correct?

McCANN: Yes.

CHERTOFF: With Mr. Sam DiFeo and Peter Mocco?

McCANN: Yes.

CHERTOFF: Those were people who were going to be part of your group acquiring this bank. Right?

McCANN: That's what we believed.

CHERTOFF: July 22nd. You had a meeting with Glen Radell, Sam DiFeo, and Alan Karcher about Metropolitan Savings and Loan Association. Correct?

McCANN: Right.

CHERTOFF: September 29th. Still 1986. You had a note to call Glen Radell regarding the Tuesday meeting. Correct?

McCANN: Yes.

CHERTOFF: On the next day on the Tuesday, which is September 30th, you had a meeting with the FSLIC, federal regulators, concerning the investment in Metropolitan Savings and Loan?

McCANN: Yes. This is the top guy, Angelo Vigna.

CHERTOFF: The top guy. You had a meeting with the top guy of FSLIC in New York about acquiring Metropolitan Savings and Loan. Correct?

McCANN: I think it was the Federal Home Loan Bank. This says what you said, but I think it's the Federal Home Loan Bank Board. I'm must be helping you.

CHERTOFF: Your Honor —

CHERTOFF: You had a meeting with the federal regulator in New York concerning your acquisition in Metropolitan Savings and Loan on September 30. Correct?

McCANN: Yes.

CHERTOFF: October 31st. You had another meeting with the same man concerning the acquisition of Metropolitan Savings and Loan. Correct?

McCANN: Exactly.

CHERTOFF: That's October 31st 1986?

McCANN: Exactly.

CHERTOFF: November 5th, 1986. You had a meeting at Peter Mocco's office with Joe DiFeo, Joe Panepinto, regarding Metropolitan Savings and Loan. Correct?

McCANN: Right.

CHERTOFF: November 7th, 1986. You had a meeting, a lunch concerning Metropolitan Savings and Loan with Glen Radell, Joe DiFeo, Joe Panepinto, Harold Ruvoldt, and Peter Mocco. Correct?

McCANN: I think Bog Hughes, I think, was also there.

CHERTOFF: Who is Bob Hughes?

McCANN: Bob was the president of the bank.

CHERTOFF: November 12th 1986. You had a meeting, you attended a board meeting at Metropolitan Federal Savings and Loan. Correct?

McCANN: I could have, yes.

CHERTOFF: That's November 12, 1986?

McCANN: Yes.

CHERTOFF: You could have or you did?

McCANN: It's in here. I probably did.

CHERTOFF: December 3rd, 1986. Metropolitan Savings and Loan, meeting at Mocco's office, correct?

McCANN: Right.

CHERTOFF: Present the potential directors and investors. Right?

McCANN: Yes.

CHERTOFF: That's December 3rd. Let's go to December 19th, 1986. You had a meeting concerning the regulators regarding Metropolitan Savings and Loan. Correct?

McCANN: Right.

CHERTOFF: December 23rd, 1986. You had another meeting with the bank regulators. Correct?

McCANN: Linda Macurrio —

CHERTOFF: That was again concerning Metropolitan Savings and Loan?

McCANN: Absolutely.

CHERTOFF: By the way, would you go back to July 1st, 1986?

McCANN: No.

CHERTOFF: Now, of course in 1987 you continue to have meetings regarding the acquisition of Metropolitan Savings and Loan. Correct?

McCANN: I assume I did. I didn't go through this. I think we added up to about nine or ten. So I guess my 12 is a good estimate.

CHERTOFF: But you continued on into 1987 to have more. Right?

McCANN: Yes.

CHERTOFF: Now, you told us yesterday that you understood you had the authority to spend Historic Equishares money on anything you felt was necessary for the business?

McCANN: Generally.

CHERTOFF: And you made a decision that salary was something that was necessary for the business for yourself?

McCANN: For everybody.

CHERTOFF: Well, but for yourself, too?

McCANN: And for everybody.

CHERTOFF: And that was apart from the fact that you had stock in Historic Equishares, and had an expectation of making profit only if a profit were turned by Historic Equishares, right? You knew that?

McCANN: That was one way I could have profited. That is why I was willing to take such a small salary at the time.

CHERTOFF: You considered it a small salary?

McCANN: In relationship to the things that we were going to do, yes.

CHERTOFF: The things you were going to do?

McCANN: Right.

CHERTOFF: And you also decided it was necessary to lease a Mercedes Benz 560?

McCANN: Yes. Same car as Mr. Gibbs had.

CHERTOFF: So you decided to catapult yourself into Mr. Gibbs' class from the very first day the money arrived?

McCANN: Well, Mr. Gibbs catapulted well below me during that same period of time. It wasn't a catapult. It was kind of a plunge.

CHERTOFF: And so you decided on the first day to lease yourself a Mercedes?

McCANN: That was in the business plan.

CHERTOFF: Mercedes?

McCANN: If you look at the business plan, that was one of the intentions.

CHERTOFF: What about coins, how were the purchase of coins necessary for the business?

McCANN: They weren't. They were my personal purchases.

CHERTOFF: What about furs, how were the purchase of furs from Mr. A. DeAngelo necessary for the business?

McCANN: I didn't purchase any furs.

CHERTOFF: Well, you recall that with respect to the tax returns you filed, in 1990, you recorded the purchase of furs as a personal item?

McCANN: Mr. Donohue reported them as a personal item.

CHERTOFF: Oh, he didn't discuss it with you?

McCANN: Mr. Donohue prepared it. I did not get any furs. I didn't have anything to do with furs. The furs were purchased for the secretaries. The secretaries went out and some of them picked them up, some of them didn't. I didn't get a fur. I don't know anybody else from my family or any personal gift of mine of a fur to anybody. It got charged on my tax returns, but it was nine furs at \$250 apiece.

CHERTOFF: Oh, you remember the furs?

McCANN: I know how many there were, they were \$250 apiece. That was the whole point, when they were making this big deal about furs I couldn't believe what a big deal was being made out of it when they were \$250.

CHERTOFF: And those nine furs were purchased when Mr. DeAngelo, your friend, came into 253 Academy Street with some furs?

McCANN: No, the furs were at his home. Secretaries went to his home, it was in,



Defense Attorney Matthew Boylan, right, and Jersey City Mayor Gerald McCann listen to the prosecution's closing statements yesterday.

imbursed for.

CHERTOFF: You were here when he testified he didn't get reimbursements for gas.

BOYLAN: I think his testimony was he didn't ask for reimbursement for gas.

McCANN: I don't remember exactly his testimony. If you can note there weren't that many gas purchases on my credit cards, also. Most of them were purchases with cash.

CHERTOFF: What about clothing, apparel purchased at Annie Sez and Toys 'R Us?

McCANN: That's my wife.

CHERTOFF: That's for your wife?

McCANN: That was my wife. It was her use of my credit card.

CHERTOFF: Those were being paid for by the money from Historic Equishares?

McCANN: No, they were being paid for by the salary I was entitled to.

CHERTOFF: Which you were taking through these credit card purchases?

McCANN: I was paying off the debt of the credit cards. In many cases they were my personal credit cards. Some of those credit card bills had business charges

at Smith and Wilenski's, I believe.

CHERTOFF: You ate out quite a lot in New York, didn't you?

McCANN: Well, Mr. Gibbs' offices were in New York and a lot of people we dealt with were in New York.

CHERTOFF: A lot of times you were eating at those restaurants in New York you weren't eating on business. Right?

McCANN: Some were, some weren't. The ones I couldn't recall I automatically called them personal.

CHERTOFF: Did you tell Mr. Golodik you were using the money, Historic Equishares money, to pay credit cards off for your purchases of coins?

McCANN: I don't know that I specifically told him.

CHERTOFF: In fact, you got very interested in purchasing coins in 1987. Right?

McCANN: Well, my grandmother started me when I was about seven years old.

CHERTOFF: But in 1987, you purchased almost \$15,000 of coins?

McCANN: There was probably more, yes.

CHERTOFF: That was delayed reaction to what your grandmother started you out with when you were seven?

McCANN: Well, I'm still collecting coins. It's not that delayed, but yes.

CHERTOFF: Wasn't \$15,000 a lot to spend on coins for someone who was making the amount of money that you tell us you were making?

McCANN: Well, I always thought of them as investments. I didn't like other people's investments — I invest in collectable coins. Other people invest in investment type coins. I always felt collectable coins had a greater opportunity for appreciation. Investor coins they fluctuate with the market. Collectable coins usually have a steady rise.

CHERTOFF: And of course collectable coins don't get deposited in a bank. Right?

McCANN: Collectable coins?

CHERTOFF: Yes.

McCANN: No. I wouldn't deposit — if I paid more than a penny I'm not going to put it in the bank.

CHERTOFF: Where did you keep all these collectable coins?

McCANN: In my home. I had some in my parents' home.

CHERTOFF: And in the first six months of 1987 when you purchased about \$15,000 of coins during the six months by your calculation you were earning a gross of \$45,000 from Historic Equishares, \$5,000 a month, actually less, it would be \$30,000?

McCANN: That's part of where I have the dispute how the credit card work.

CHERTOFF: Please, Mr. McCann, answer the question.

McCANN: The credit card debt that I assume —

CHERTOFF: Your Honor, may I ask that the witness —

McCANN: Yes, your answer cannot be answered the way it was presented.

CHERTOFF: Let me ask the question this way. By your calculation you were taking \$5,000 a month?

McCANN: Yes.

CHERTOFF: In the months of January through the months of June of 1987?

McCANN: January through June, yes.

CHERTOFF: That's six months, right?

McCANN: Yes.

CHERTOFF: That's gross salary. Right?

McCANN: Yes.

CHERTOFF: That you are telling us you are taking?

McCANN: Yes.

CHERTOFF: And yet you spent \$15,000 of that on coins?

McCANN: No.

CHERTOFF: You made coin purchases of \$15,000 during that period of time. Correct?

McCANN: I don't know that exactly, but it was off of credit cards.

CHERTOFF: Which you then paid with Historic Equishares money?

McCANN: No.

CHERTOFF: You deny that?

McCANN: No, I'm not denying I didn't pay it. What I'm saying is you are assuming I paid off all those \$15,000 during those six months. At the end of the six months all of my credit card balances had substantial balances on it. So because they were purchased with credit card doesn't necessarily mean they were paid during that same period of time. That is one of the reasons why I had to borrow the \$16,000 to pay off the other expenses that had been carried in some cases on the credit cards and varied reasons. The personal items you are talking about, many of those things occurred subsequent to June.

CHERTOFF: Oh, you borrowed the \$16,000 to pay for additional coins?

McCANN: No, it was the same coins. But all of it, a lot of those things were paid for subsequent to June. Because Historic Equishares money ran out on June 30th didn't mean the bills didn't run out. There were other bills to be paid. I borrowed money to pay off those bills. Some of those purchases were paid for subsequent to there being any money left in Historic Equishares. You are looking at something that occurred over a nine to ten month period and you are trying to lump it all into six months. That's not how it occurred.

CHERTOFF: But in fact during the period from about June or July of 1986 to June of 1987, you spend about \$40,000 or more of Historic Equishares money on your personal credit cards and your personal purchases on your entire corporate credit cards. Right?

McCANN: No.

CHERTOFF: And in fact the balance on your credit cards at the start of that period was the same as the balance of the credit cards at the end of that period. Correct?

McCANN: I don't know that answer. It couldn't have been because some I didn't even have some of those credit cards. So the balance had to be zero at the end. At the end whatever the balance was, was the balance.

CHERTOFF: You didn't have American Express?

McCANN: And I didn't have Diners Club.

CHERTOFF: American Express requires you pay currently. Right?

McCANN: They require it. That didn't mean I did it. That's why they took the card away from me.

CHERTOFF: When did they take the card away from you?

McCANN: Sometime in the future.

CHERTOFF: During this period when you had Historic Equishares money you were paying currently?

McCANN: No, that's why I got behind. I'm no longer a card member. I can't go in any of the ads.

CHERTOFF: When Mr. Costello was here testifying about the Mercedes and I take it you are friendly with Mr. Costello?

McCANN: I know him.

CHERTOFF: He testified there was no problem that he knew of with respect to the return of the car after the five year lease ran out, is that true, was there really no problem?

BOYLAN: Your honor, is this relevant, salvage value of the car, can we recover that for whoever?

JUDGE LIFLAND: If that's an objection, it's overruled.

McCANN: I was behind

CHERTOFF: You were behind?

McCANN: Yes.

CHERTOFF: In fact they had to come after you for several months to get the car back?

McCANN: I gave them the car back.

CHERTOFF: It wasn't in very good condition?

McCANN: We put all new tires on the car.

JUDGE LIFLAND: We don't care about the condition of the car.

Prosecutor Michael Chertoff:

"What about furs, how were the purchase of furs from Mr. A. DeAngelo necessary for the business?"



Defendant Gerald McCann:

"I did not get any furs. I didn't have anything to do with furs. . . . The secretaries went out and some of them picked them up, some of them didn't."

from what I remember, it was in the garage of his home. The secretaries went in, picked out furs.

CHERTOFF: Who arranged it?

McCANN: I made them aware of it.

CHERTOFF: Well, these furs in the garage of Mr. DeAngelo's home, he is the actor who you were working on Survival of the Fittest, that movie?

McCANN: I wasn't working on it. I mentioned it to Mr. Gibbs. Gibbs had people in the film industry.

CHERTOFF: Was Mr. DeAngelo in the fur business?

McCANN: I don't know what business Mr. DeAngelo (was in). He was kind of an odd-lots type of guy. He got odd lots and he sold them to people.

CHERTOFF: And this odd lot of furs that he got in his garage, how did you come to learn those furs were available?

McCANN: Mr. DeAngelo told me.

CHERTOFF: He said I got some furs in the garage. Send the secretaries over.

McCANN: Mr. Chertoff, they weren't that big of a deal. That's what I'm trying to explain to you.

CHERTOFF: You didn't find it a necessary expense for the business to give Mr. Golodik refunds for expense money for the gas that he expended on various trips, did you?

McCANN: Mr. Golodik?

CHERTOFF: Yes.

McCANN: No — I don't know that he did. There were some things he got re-

also on them. So the personal portion was allocated to me personally.

CHERTOFF: That was allocated to you in 1990?

THE McCANN TRIAL

Prosecutor attacks 'mistake' defense

(Editor's note: What follows are excerpts from Assistant U.S. Attorney Eric Tunis's delivery of closing arguments at Mayor Gerald McCann's bank fraud trial.)

TUNIS: While I am sure that your jury service has placed a burden on your personal and your professional lives, your attentiveness shows your understanding and the importance of your role as jurors in our system of justice.

But just because your role is an important one, it doesn't mean your decision need be a difficult one. Because I submit to you that the evidence that you have heard in this case leads inescapably to the conclusion that the defendant, Gerald McCann, is guilty of each and every count.

Now, the indictment that you will have with you during your deliberations is a list of charges, and we will go through the charges throughout my closing statement.

But it is something more than that. It is a useful guide. It is a roadmap through the evidence in this case. And it will allow you to track the defendant's footsteps as he proceeds to defraud Southern Floridabanc and drain its investment in Historic Equishares of nearly \$250,000.

When you follow his trial, you should ask yourself these questions, because they are really the only important questions in this case. Where did the money go? What did the defendant tell the bank he did with the money? And how did he hide what he had actually done?

Now, the indictment deals with two distinct periods of time. The first is between 1986 and 1988, and that is the period in which the defendant, Gerald McCann, plundered the Historic Equishares account for his own personal gain. It is also during this period that he improperly used Historic Equishares assets as collateral for personal use. It is during this period from 1986 through 1988 that he also filed a fraudulent 1986 income tax return by failing to report approximately 50 percent of his taxable income, in payments made by MGT Ventures on his behalf.

And finally, it is in that earlier period from 1986 through 1988 that Gerald McCann intentionally failed to file his personal income tax return for 1987.

The second critical period is 1990, when the defendant first found out that he was under investigation by federal authorities, and it is during that time that he caused false 1986 and 1987 tax returns to be filed on behalf of Historic Equishares and MGT Ventures. And he did so to conceal the scheme to defraud that he had committed during the earlier period, and his income tax evasion scheme for 1986.

Now, I would like to turn to the earlier period and what essentially is the central part of this case, the heart of the case, and that is Gerald McCann's scheme to defraud Historic Equishares and its shareholder, Southern Floridabanc.

As you may recall, during the summer of 1985 Mr. McCann left office as mayor of Jersey City, and at the time he set up a development company called MGT Ventures. It was his idea that he was going to take advantage of the expertise that he had gained during his tenure as mayor.

But, you may also recall, during the first six months of its operation MGT failed to turn a profit. But Gerald McCann got lucky. He caught the ear of Robert Gibbs, who was then the chairman of the board of Southern Floridabanc. And he interested Mr. Gibbs in the idea of developing Liberty State Park.

But before he could actually bring this proposal to the bank he had to take certain steps, because during this time Southern Floridabanc came under the close supervision of regulators, and under the supervision, the regulators insisted that the bank adopt certain kinds of procedures to protect the assets of the bank and to make sure things were done in an orderly way.

As a result, Mr. McCann was required to prepare what he called a preliminary business plan that would ultimately be submitted to the Southern Floridabanc board of directors.

Now, if you take a look at this preliminary business plan, if you look at it, what do you see? Well, the core of this plan is that study of Liberty State Park that you heard David Wallace describe, the defendant's witness, distinguished architect, and if you look at the study itself it is a professional piece of work.

What Mr. McCann did was he dressed it up with a few quotes from the New York Times, and he slipped in essentially what you might call his wish list. He slipped in a single sheet of paper in which he attempted to get SFB to bankroll other projects.

After all, MGT hadn't been able to get its own projects off the ground, and he inserted what he called a proposed budget which would have provided a steady stream of income for himself and for his partners, William Goble and Thomas Golodick.

But early 1986 was a bad time for Gerald McCann to sell his dreams to Southern Floridabanc, because as I said they were under the heavy scrutiny of the regulators. And as a result, they had to keep their feet on the ground. They could only consider specific proposals, and what they seized upon in this preliminary business plan was Mr. Wallace's study of Liberty State Park.

And as a result, on February 19, 1986, Robert Gibbs presented an idea, a proposal for investment, to the Southern Floridabanc board of directors, and if you look at these two paragraphs, you will see the proposal made, and the action taken.

And it reflects the facts that Mr. Gibbs presented to the Southern Florida board, Southern Floridabanc board of directors, a single idea, a specific development idea. That is, an investment in the development of property next to the Hudson River between the Ellis Island and the Statue of Liberty known as Liberty State Park.

And if you take a look more closely, the only thing that Southern Floridabanc board of directors acted on was this Liberty State Park idea.

There is no mention of Mr. McCann's wish list, no mention of salaries, no mention of anything other than Liberty State Park.

Now, at around the time that Southern Floridabanc board of directors took its action, Robert Gibbs was preparing to leave Southern Floridabanc, and ultimately, he left, and severed his ties with the bank itself in April. This was an effort to further



Jersey City Mayor Gerald McCann, center, chats with lawyer Samuel DeLuca as they leave the courthouse during lunch.

appease the regulators.

And the board of directors delegated the responsibility of actually finalizing the deal, negotiating this Historic Equishares deal to Gennaro D'Amore, the vice chairman of the bank.

D'Amore was going to take steps to prepare contracts with the assistance of Sander Mednick, bank counsel, and would be negotiating with the defendant, Gerald McCann, and MGT's attorney, Roger Breene.

Mr. D'Amore... was a CPA. He was a numbers guy, a careful guy. He was responsible to the board of directors for Southern Floridabanc. He was responsible to the depositors. So when it was left to him to complete the deal he had to do the deal that the board of directors approved and he had to make sure the board's investment was protected and he did that by insisting that certain controls be placed in the way the money was spent.

So he saw to it that the following controls were implemented. First of all, regardless of the fact the MGT group and SFB Capital would be equal equity partners, the bank had to get its money back first. Before any profits could be distributed to the principals, \$300,000 — the full amount of the SFB investment — had to be repaid. If the parties agreed to terminate, \$300,000 would have to be returned to the bank before any of the assets, the remainder of the assets could be distributed to the bank — to the parties. Excuse me.

He also insisted SFB have equal representation on the board of directors and no salaries would go to directors because salaries to the directors from MGT would be akin to paying out profits, before SFB would get its money back. It's a way that the money could be depleted before the bank's investment could be protected.

And when you think about it, it's only fair. The bank was placing \$300,000 at risk. The MGT group was putting its \$20,000 on the line and a little sweat equity and for that, for its effort if it's successful, they had the opportunity to share in 50 percent of the profits of what could be an immensely profitable project.

You know something? That kind of deal — Mr. McCann was no stranger to that kind of deal because if you recall the testimony about Scranton, the arena project, Mr. McCann described to you all the work that he had to do on that project, but he was not to get a single dime unless that arena was built... The next control Mr. D'Amore insisted on was that an HEI bank account be set up, to which all of the HEI directors — including those nominated and appointed by the bank — would have access to. He further insisted on the controls of how much money could be withdrawn.

As you recall, a signature card was prepared that required that any withdrawals above \$10,000 would require the counter-signature of an MGT — I'm sorry, an SFB-appointed member to the Historic Equishares board. There was also the stipulation that HEI, Historic Equishares, was not allowed to borrow. That was put in there so that the bank would not put at risk any more than the original \$300,000 investment.

Finally, as commanded by the action of the Southern Floridabanc board, the investment must be limited to Liberty State Park. And at Mr. D'Amore's insistence those controls were put into the final agreements. The agreements that were prepared by Mr. Mednick and Mr. Breene, the agreements that were signed by Mr. D'Amore, Mr. McCann, and the rest of the Historic Equishares members of the board of directors.

The first of these documents, the bylaws prepared by Mr. Breene, are absolutely unequivocal and the defendant wouldn't dispute they required that any major action by the board be taken at a formal hearing, a formal meeting of the board of directors, and it required notice... one of the matters that required Historic Equishares board action was the approval of compensa-

tion to members of the board of directors. It's clear in the language and the defendant has himself admitted that.

The second document that was created as a result of the negotiations between Mr. McCann, Mr. D'Amore, Mr. Mednick, Mr. Breene, was the shareholders agreement. Now the shareholders agreement, like any documents that are prepared in connection with the formation of a corporation, goes through several drafts.

They pass through the hands of the parties to the agreement. They start out with language that they anticipate will be tightened up, not because the deal changes but because as the parties get the opportunity to get a closer look at the documents they realize the language is loose. This case was no exception.

In fact, if you recall, Mr. Mednick transmitted a draft of the shareholders agreement on February 6. It clearly stated in his letter that revisions were anticipated, and so while the initial draft was circulated to Mr. McCann and Mr. D'Amore, when Mr. D'Amore had a chance to review it he realized several provisions, particularly the purpose provision, did not conform to the action of the board of directors. So he marked it up.

You recall particularly the purpose provisions indicating the language was not in conformity with the board action. He told Mr. Mednick, more importantly, he called Mr. McCann, and he reviewed the changes and specifically those changes as they pertain to the purpose, and as you can see on the face sheet of the draft in Mr. D'Amore's handwriting, Mr. McCann agreed.

He agreed to all of the changes and specifically the change relating to the purpose provisions of the shareholders agreement. It was consistent with what the board had done. It was consistent with what the parties understood. And Mr. McCann knew it. He understood it. For that reason he signed the final, the only executed shareholders agreement. Not a draft of Richard Hollowell's employment agreement, not an earlier draft, not a preliminary business plan submitted by one party. But the only shareholders agreement that's signed by both parties.

Now, subsequent to the execution of the shareholders agreement, nothing changed. The board never took any subsequent action to change the purpose of Historic Equishares. Mr. D'Amore never anticipated a change. Mr. Mednick understood the deal was staying exactly the same. You heard Mr. Mednick say he had direct conversations with Mr. Breene and Mr. Breene expressed his understanding that the purpose of Historic Equishares was Liberty State Park.

Finally, Mr. Mednick had conversations with the defendant. Mr. Mednick told you that he never got a request from either Mr. McCann or Mr. Breene to change the purpose provisions of the only signed shareholders agreement and still the defendant would have you believe Roger Breene completely changed the deal by inserting that infamous paragraph 8 of the organizational minutes.

Now, the defendant says paragraph 8 completely authorizes him to pursue any deal of any kind, forget about the SFB board. Forget about the shareholders agreement. Forget about what McCann and D'Amore agreed to on the telephone, had a specific agreement about this exact issue.

Mr. McCann says that his paragraph 8 changes all that. No discussions that would change it, but somehow the language in paragraph 8 — much to the dismay of all the other parties — completely opened the door. It opened the door to everything and anything, from film deals to casinos in San to Domingo, to a coin-operated pay phone. But if you listen closely to Mr. McCann's testimony he was saying even more than that.

He was saying that paragraph 8 allowed him to do anything that he felt was necessary for the business of the corporation.

What did he think was necessary? He thought it was necessary to pay himself a salary. Forget the bylaws. Forget the restrictions in the bylaws.

He thought it was necessary to pay his partners. He thought it was necessary to lease a Mercedes Benz. He thought it was necessary to take trips with companions. He thought it was necessary to purchase coins. But when it came to getting a down payment for what he told you was a Historic Equishares project, the Beach Haven project, the money wasn't available for that.

Now, the defendant is telling you that he had this revelation that paragraph 8 would allow him to do anything to run the company. The problem was, nobody at the bank shared this revelation, neither Mr. D'Amore or Mr. Mednick. You know something, ladies and gentlemen? Mr. McCann didn't share that revelation either because when it came time for him to produce the only accounting in this case, the only accounting he ever provided, such as it is, the July 8th letter, he understood that when he took salary it was totally improper and that's why he withheld any mention of the fact that he was receiving salary.

Mr. Goble was receiving salary. Mr. Golodick was receiving salary. That's why he never told the bank or Mr. D'Amore about his Mercedes Benz. That is also why he maneuvered with such subtlety to get around the controls that Mr. D'Amore had thrust so hard to make sure ended up in those final agreements. Because after all Mr. McCann understood those controls stood between him and that cash cow, that investment by Southern Floridabanc.

Now, I would like to turn to Count 13 and the second period of time, the critical period of time I talked about, 1990. There was a time when Gerald McCann learned he was under investigation by federal authorities. You recall Mr. McCann on the stand yesterday told you that he went to the U.S. Attorney's Office in April of 1990.

So he was aware at least as early as April of 1990 that he was under investigation. He also understood that this investigation related to the Historic Equishares deal. And when he left the office in April, he also understood he had a problem because he knew that what he had done with the Southern Floridabanc money was totally improper.

So he went back to Jersey City to his friend Matt Donohue and they prepared tax returns, tax returns that had been overdue by two years plus. And now it was important for him to do his tax returns because these tax returns were going to cover up what he was doing.

You will see in the work papers for Historic Equishares activity that starts off this April meeting, activity that leads to the preparation of Historic Equishares returns, activity that leads the defendant to reclassify the transfers from Historic Equishares to MGT.

Remember Mr. Donohue's testimony? Reclassify what Mr. Donohue had called consulting fees into categories that had absolutely no relation to reality. Not supported by the disbursements. Remember Mr. Donohue testified he didn't care because he claimed they had no tax impact.

Well, they may not have affected the amount of tax due, but they certainly muddled up the waters about how that money was actually spent, because Mr. McCann was already formulating his defense and that defense was going to be he spent that money in accordance with a budget, the budget you heard so much about.

So he takes these consulting fees and he breaks them down in categories that are grossly related to the categories in the budget. They may be related to the budget, but they have nothing to do with how the money was actually spent.

If you take a look at the 1986 and 1987 income tax returns for Historic Equishares

filed in 1990, filed in June of 1990, you will see on each of the returns on lines 16 and 26 and the attached schedules the list of deductions that I played for you on the projector earlier, the deductions that Mr. McCann instructed Mr. Donohue to include in the tax return, the list of deductions that are totally fictitious.

Count 13, which corresponds with Exhibits 13 and 13A — 1986 and 1987 tax returns for Historic Equishares — charges the defendant with making a false statement to the Internal Revenue Service; that is, these phony deductions to cover up the true nature of the expenditures. Just to take a moment on this.

You recall the schedule that Agent Grant prepared of the living expenses claimed, a sampling of the expenses claimed by the 1986, 1987 Historic Equishares return, the rent, the equipment rental, the secretarial, the items that Mr. McCann himself testified to today. You can see what's happening just by comparing these numbers to the amounts of money actually disbursed on these items.

There is no question these were false. There is no defense to this. Mr. McCann testified today they were just completely false. There is no explanation. There is no "I made a mistake. I made a big mistake." He's not working on a Ouija board here. Nobody is controlling his hand. He directed, he affirmatively directed his accountant to put these figures in his tax return. The reason is obvious. He got some bad news from the U.S. Attorney's office.

Count 15 charges him with filing false statements on his 1986 and 1987 corporate tax returns. And the fictitious nature of these tax returns is the inclusion of the loan from MGT to Mr. McCann.

You can find it, I hope — Schedule L, line 7. You will see on the '86 return, the loan at year end for 1986 from MGT to the shareholders, the lion's share coming from the supposed loan from MGT to Mr. McCann and then schedule L, line 7 for '87, showing an opening balance for the loan from MGT to the shareholders.

Mr. Donohue testified, no papers reflecting the fact that there was a loan.

Mr. Donohue testified that Mr. McCann never said there really was a loan. And finally, Mr. Golodick, Mr. McCann's partner, testified he was unaware of any loans from the corporation to the shareholder.

I would like to go back to the tax evasion count just for one moment. I would, if this machine worked.

Now, the final calculation of the tax due and owing is summarized here. The additional items of income that Gerald McCann failed to report on his 1986 personal tax return are as listed, the credit cards, the cash payments, the personal use of the MGT auto, furs and sports tickets.

Now, as the asterisk indicates, a very substantial amount of that money was represented by Mr. McCann himself to be personal in nature. The only substantial addition are the sports tickets.

Now, you heard from Ms. Grant, there is no documentation whatsoever for the proposition that these sports tickets were business-related whatsoever, and in fact, Mr. McCann himself told Agent Grant that these sports tickets were at least used in part for personal use.

Finally, count 16.

Defendant is charged with failing to file his 1987 personal tax returns. Well, we know that these tax returns, with extensions, were due, this tax return, with extensions, was due October 15, 1988.

We also know that this return was not filed, surprise, surprise, until July 26, 1990. So it is clearly overdue. We also know that Mr. McCann is well aware of his filing obligations and understood it was late. In fact, there were some discussions between Mr. Donohue and Mr. McCann over the fact that they were late.

And although Mr. McCann has tried to tell you that he always filed his income tax returns late, a strategic defense. We know, at least for 1985, he filed his returns on time.

He knew how to file his returns on time. He just didn't do it in this case, because it would have laid open all the income that he was draining out of the Historic Equishares account, which brings us to the last item on these tax returns, the jurat, the certification that appears above his signatures.

You will be instructed by Judge Lifland that the jurat, the certification, if it is crossed out, does not constitute a valid return. So to this day, Gerald McCann has not filed a valid 1987 tax return.

I submit to you by crossing out that certification, he is telling you that he never had any intention to file a valid return. And when you are thinking about that you might think about this:

What does this jurat ask of the defendant? It asks him to sign off, that these tax returns are accurate to the best of his knowledge and belief. That is all they are asking for. They are not asking for absolute certainty. They are not asking you to swear to the time. They are asking you to make your best efforts, in good faith, and he couldn't even sign to that.

And it is interesting, ladies and gentlemen. He doesn't have the "very personal" defense for crossing out the jurat. He has got a slightly different explanation. He has got the mistake defense.

The stupid mistake defense. When Mr. Chertoff asked him, "what do you mean by mistake? did you do it unintentionally? Were you asleep when you did it?"

He knew exactly what he was doing. He is telling you it is a mistake. It is always a mistake to commit a crime, but he didn't tell you why he made this mistake. And he didn't make this mistake on every tax return that was filed in 1990. Take a look at the MGT return for 1985. It doesn't have a crossed-out jurat.

So he didn't have this compulsion to do it in each and every case. He did it when it served his purpose.

It is a mistake all right, but it ain't no defense.

Now, Mr. Chertoff will have an opportunity to address you one more time. He will go over the facts and the issues necessary to conclude the case, and I will join him in asking you to bring your common sense into the deliberations, and render a fair verdict. And I submit to you, that verdict can only be guilty on every count.

Food lovers appreciate beautiful cookbooks

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THE JERSEY JOURNAL

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Economic gloom

Senate gets an earful

State woman tells of financial plight

By Jane E. Allen
Associated Press Writer

WASHINGTON — A Cliffside Park mother told a Senate panel yesterday that middle-class families like hers need jobs and "basic, up-front help" to pay their mortgages and send their children to college.

"I don't know where to go anymore for help," Nancy McKenna told the Senate Finance Committee in its second day of hearings on Republican and Democratic tax cut proposals. "We're very frustrated."

McKenna, 46, secretary for the Cliffside Park building department and the town's deputy registrar, said she has been forced to work full-time since June to put her oldest child through college. She worries about how to make ends meet once her two younger children reach college age.

Her husband is an electrician who has been intermittently unemployed, she said.

"Our job security is no good," she said. "My husband is unemployed."

See SENATE — Page 5

Ames to cut 400 jobs

By Miri Ascarelli
Journal staff writer

SECAUCUS — Ames Department Stores announced yesterday that 400 people will lose their jobs when the company closes its Secaucus distribution center in February.

The news comes three days after the company reported a \$184 million operating loss for the third quarter of this year.

"The reason the distribution center is closing is we have redesigned the distribution system because we have fewer stores," said Ames spokesman Bill Roberts.

Ames is in the process of reorganizing under the Chapter 11 bankruptcy law, and is expected to file a formal reorganization plan Jan. 10.

The closing of the distribution center at 125 Castle Road is the second round of layoffs in the last year affecting Ames warehouse employees, according to Sidney Gerstein, manager of Office and Distribution Employee's Union Local 99 of the International Ladies Garment Worker's Union. A few months ago, the company closed a nearby

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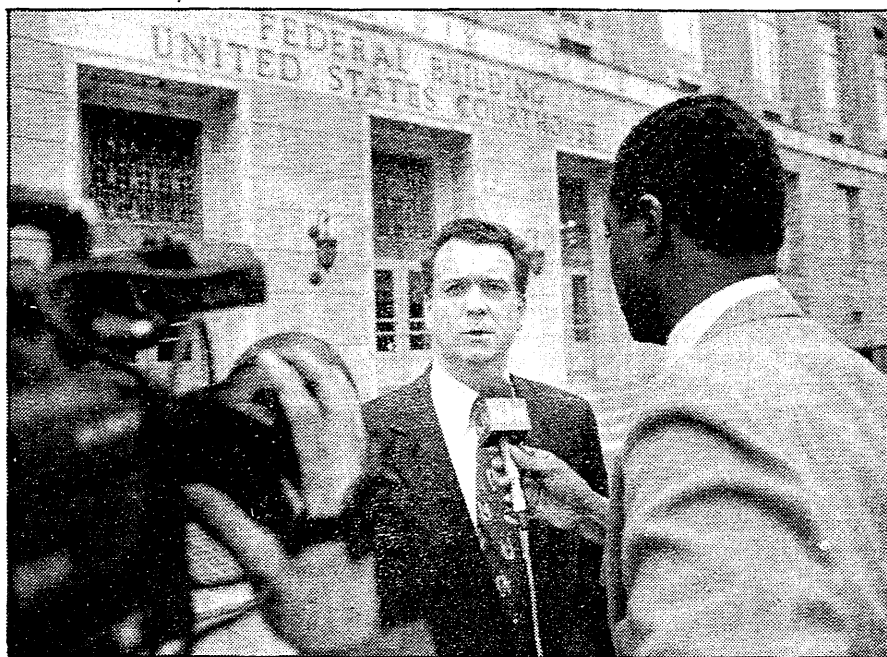
Defense portrays McCann as dreamer, but not a felon



"... I don't believe that Mayor McCann deserves to be stigmatized as a felon who committed fraud and tax fraud because he failed to understand the reasonable limitations of a development company, not because as Mr. Chertoff will tell you he disregarded the bylaws and the bylaw restrictions..."

Matthew Boylan

Defense attorney for Mayor Gerald McCann



Above, attorney Matthew Boylan, standing right, sums up his defense of Jersey City Mayor Gerald McCann; McCann, foreground, looks on pensively.

Sketch by Rebekah Boyer

Left, McCann snatches a chance to talk to the media — Judge John C. Lifland has ordered now that players in the trial do not discuss the case.

Journal photo by Bill Bayer

Summations end, jury deliberations to begin Monday

By Michael Finnegan
Journal staff writer

TRENTON — An attorney for Jersey City Mayor Gerald McCann urged a jury yesterday to clear McCann of federal bank fraud charges, portraying him as a "dreamer" whose failed business deals were mislabeled as crimes.

In his closing statement at McCann's trial, attorney Matthew P. Boylan attacked the credibility of government witnesses and asked the jury to consider the "human tragedy" of the case.

"I don't believe that Mayor McCann deserves to be stigmatized as a felon who committed fraud," Boylan said. "Negligence and folly, mistake and stupidity, idiocy and panic are not criminal. Neither are lies or virtue."

After 16 days of testimony, the closing arguments yesterday concluded the presentation of the case to the jury.

Deliberations will begin Monday morning after U.S. District Judge John C. Lifland instructs the jury on the laws that McCann is accused of violating.

McCann, whose political power has eroded substantially since his indictment in July, could face removal from office and a lengthy prison term if the jury convicts him.

In closing remarks, Boylan called McCann "one of the most honest men you're likely to run into." He said McCann never intended to defraud Southern Florida-banc, a defunct Boca Raton savings and loan, and never intended to evade income taxes on money that prosecutors say he stole from the thrift.

What the government calls McCann's 16 crimes in handling the \$300,000 investment he managed for Southern Florida-banc, Boylan told the jury, were "mistakes, carelessness, foolishness, folly in the operation of a business." Recalling the mayor's three days on the witness stand, Boylan said "the total person, weaknesses and strengths, ambitions, dreams and silly behavior, was here in the person of McCann." Under the "withering cross-examination" of U.S. Attorney Michael Chertoff, he said, McCann "struggled, admitted his failures, his evasions, perhaps."

See DEFENSE — Page 5

Trial Highlights

- The presentation of the case ended yesterday with closing remarks from defense attorney Matthew Boylan and U.S. Attorney Michael Chertoff.
- McCann is not guilty of any fraud, Boylan said. He just made mistakes.

A transcript of the closing arguments appears on Page 4.

Judge orders Mocco to disclose finances

By Gretchen Lang
Journal staff writer

Former North Bergen Mayor Peter Mocco has been forced to give a full accounting of his financial status to a Manhattan bank after his development company defaulted on two multi-million dollar construction loans.

Mocco and business partner Eric Silverman surrendered bank account numbers and other financial information to Chase Manhattan Bank last month on the order of U.S. District Court Judge Alfred M. Wolin. Wolin ordered the pair to disclose their personal assets one month after he awarded the bank some \$17.3 million in a default judgment against Mocco's development company, 518 Gregory Avenue Associates. The judge also awarded the bank \$8 million that Mocco and Silverman had personally guaranteed to back the loans.

See JUDGE — Page 5

Inside

WEATHER:



Today: Rainy, mild, high 55-60

Tonight: Clearing up, low around 50

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Moore plea bargain avoids death penalty

By Patricia Scott
Journal staff writer

A 34-year-old man who faced the death penalty for the gruesome hammer death of a Jersey City woman could be free in 14 years following his plea yesterday to aggravated manslaughter.

Royce Moore, who was charged with felony murder and murder for the March 25, 1987 killing of Sheila Benedetto, faced the possibility of death by lethal injection had he gone to trial and been convicted. His was one of only a handful of capital murder cases in Hudson County in recent years.

The family of Benedetto are angered by the plea and are calling on the Judge Kevin G. Callahan, to reject the plea. Sentencing has been scheduled for Jan. 16. Moore faced the death penalty because of the crime's gruesome nature and because he allegedly did the

See MOORE — Page 5

Defense portrays McCann as dreamer, not a felon

Continued from Page 1

But he was there as a human being to be assessed for what he did, for what he hoped," McCann's unfulfilled aspiration, Boylan said, was to succeed as a developer after leaving office as mayor at the end of his first term in 1985. And "dreamers" like McCann, he continued, "are entitled to their dreams and to their folly."

Their careers shouldn't be "snuffed out because of some insanity that took place in this country involving growth and development, out of control, always assuming that there would be nothing but aces coming up in our hands, and always willing to bet the last chip."

After Boylan's 90-minute statement, Chertoff borrowed Boylan's themes to argue in a rebuttal that McCann intended to pull off the fraud from the start.

"Gerald McCann dreamt dreams at someone else's expense, and he was willing to spend the last chip on his dreams, but it was someone else's chip," Chertoff said.

Prosecutors say McCann secretly moved most of Southern Floridabanc's \$300,000 into a bank account he controlled, spent it for personal enjoyment, evaded income taxes on the stolen proceeds, and covered up his

crimes by lying to Southern Floridabanc and to the IRS.

The government says McCann's signed agreements with Southern Floridabanc required him to use all the money to prepare a proposal to build a hotel and recreation complex in Liberty State Park, but McCann and his partners spent only about \$50,000 on the project.

McCann is charged with mail and wire fraud, income tax evasion, failure to file a tax return, and submission of false statements to a bank and to the IRS.

In his final remarks to the jury, Chertoff said the crimes McCann committed last year to cover up the ones he committed in 1986 and 1987 were inevitable.

"This was a man who weaved himself a tangled web of deception, and finally it got so tangled he got caught up in it," Chertoff told the jury.

"As he is trying to wriggle his way out of one crime, he is trying to prevent himself from wriggling his way into another. But you can't do it. As a poet once said, 'What a tangled web we weave when first we practice to deceive.' And this case is a perfect illustration of that."

Chertoff reminded the jury of McCann's testimony that he made "stupid mistakes" on

what the government calls fraudulent tax returns.

"You can bet, ladies and gentlemen, that any criminal defendant facing trial knows it was a big mistake to commit the crime," Chertoff said. "No matter how naive Mr. McCann wants to make himself look now, he is a certified public accountant. He is the mayor of Jersey City. He is no fool."

But Boylan told the jury McCann was actually "unskilled" in the real estate development field.

According to Boylan, Southern Floridabanc allowed McCann to pay himself a \$5,000 monthly salary from the \$300,000 investment to work on far more than the Liberty State Park project. He said the wide array of development deals, all of which failed, were approved by Southern Floridabanc Chairman Robert V. Gibbs.

"Mr. McCann said he thought Mr. Gibbs was the bank," Boylan told the jury. "Everybody knew that Gibbs was the bank."

Among the proposed development sites that Gibbs visited with McCann, Boylan said, were St. Michael's Monastery in Union City and Anthony Dell' Aquila's waterfront property at the north end of Hoboken. McCann never intended "to defraud or to steal or deceive the



Journal photo by Bill Bayer

Police officer Joseph Roselle rolls out defense evidence on the last day of arguments.

bank into doing anything which the bank did not already know through Mr. Gibbs," Boylan told the jury.

Although neither the prosecution nor the defense called Gibbs as a witness, Boylan told the jury he was "in this courtroom."

"Gibbs was here and Gibbs supports McCann," Boylan said. "He was his patron saint. We put the patron saint here, and we want the benefit of the patron saint."

"I often feel he's around. I look for him. Some trials have ghosts. This one has a real person here."

In his rebuttal, Chertoff told the jury that financial records in evidence at the trial show McCann spent more than \$100,000 of Southern Floridabanc's money after November 1986 when banking regulators ousted Gibbs as chairman of the thrift.

And "the phantom Mr. Gibbs," Chertoff said, had no reason to violate his agreement

with the regulators to sever his ties with Southern Floridabanc.

"Mr. McCann was never getting anybody's blessing to do what he was doing," Chertoff said. "Why would Mr. Gibbs be telling Mr. McCann, 'Go ahead and do projects'? What would be his motive? The money didn't go to Mr. Gibbs. The money was going to Mr. McCann. You would have to believe that Mr. Gibbs decided to violate a consent agreement so that Mr. McCann could make money. It doesn't make sense."

Judge holds admitted sex offender to guilty plea

By Patricia Scott
Journal staff writer

A Superior Court judge yesterday ruled that an admitted sex offender who pleaded guilty last summer to sexual acts with young boys cannot withdraw that plea.

Hugh Hammill, 34, of Jersey City, pleaded guilty on July 9 to aggravated criminal sexual assault, and told the judge he had engaged in sexual acts with boys, one 13 years old and the other 16, for their "mutual gratification."

Hammill later said he regretted the plea and fired his attorney, John Elefthro. His new attorney, George Campen, filed motions to void the plea, contending

that Hammill felt coerced into accepting it.

Superior Court Judge Kevin G. Callahan, noting that Hammill's previous attorney, Elefthro, did "a capable and excellent job of representation," yesterday refused to allow the plea to be withdrawn.

The judge said Hammill entered into the plea freely and voluntarily, and at no point showed any hint of being unhappy with the plea arrangement.

"All aspects of his crime were agreed to, by him, in this court, freely and openly and the details of the plea were fully explained," were exhaustively explained," said Callahan. "On at least three occasions he was asked if he understood and was satisfied, and he said yes."

The judge said Hammill's "sudden whimsical change of heart" is no basis for a plea rejection at this stage.

"If I set this plea aside, then this court could never take a plea again," the judge said. "This court did everything to ensure that the plea was properly handled and properly accepted."

Callahan said Hammill is "simply grasping at straws to change his mind, and that will never occur in this court room."

Hammill faces a five-year-long sentence at the Avenel Adult Diagnostic Institute, a state facility that treats repetitive criminal sex offenders.

He had just completed a long stay at Avenel in 1990 when he was released, believed to be fully rehabilitated. The new-

est charges were filed in December 1990.

When he was arrested, police recovered an illegal firearm in his home and large amounts of pornography, including documents from the North American Man-Boy Love Association, an organization that believes sex between adults and children should be legal.

Hammill had admitted that he engaged in sexual acts with one boy aged 13 and lived for a period with a 16-year-old boy with whom he also engaged in sex acts.

The boy has since returned to his Jersey City family, lawyers said.

Hammill will be sentenced by Callahan next week.

Moore plea deal avoids death, victim's family riled

Continued from Page 1

murder in the course of a robbery, attorneys said.

Yesterday, almost five years after his incarceration at Hudson County Jail, Moore pleaded guilty before Callahan to the aggravated manslaughter of 41-year-old Benedetto and to aggravated assault on Benedetto's daughter, Dori Lynn Bailey Benedetto, who was 17 at the time.

Moore told the judge he committed the crime in the heat of a violent argument over whether Benedetto, whom he claimed was his ex-girlfriend, had had a miscarriage or had aborted the baby he said she was carrying.

"We were having a discussion on that issue that turned into an argument," he

said. "And while we were (fighting), her daughter entered the room and I turned my attentions to her."

He said when he turned to fight with Dori Lynn, Benedetto tried to hit him with a hammer. "She (Sheila) tried to attack me and I disarmed her," he said.

Moore said he pulled the hammer from her grip and began to beat her on the head with the weapon. He said he hit Benedetto more than five times. Autopsy reports revealed she was bludgeoned by at least 14 blows to the skull.

The blows were so hard, Assistant Prosecutor Charles D'Amico said, that they left permanent deep fissures. Benedetto died hours after the attack.

Dori Lynn, who tried to in-

tervene, was also hit numerous times.

As a condition of the plea, Moore now faces — at his Jan. 16 sentencing — a 35-year state prison term with no parole eligibility for 17 years.

He has already served nearly five years at the local jail, time that will be credited. He is also likely to receive a separate but concurrent sentence for the aggravated assault count.

Moore could be paroled at age 47; had he gone to trial and been convicted, he could have faced 30 years to life in state prison or the death penalty.

Dori Lynn and Tanya, another of Benedetto's daughters, said they are unhappy with the plea deal and with what they said has been the state's reluctance to keep them abreast of

developments in the five-year-old case.

Dori Lynn Bailey Benedetto said she and her sister were told by prosecutors that they could not attend the plea hearing. "This was a terrible thing he did to my mother," said Dori Lynn, whose son Mark Anthony, age 2 at the time of the attack, also witnessed the killing and was traumatized as a result.

Benedetto's daughters said their mother was attacked by Moore after he hid outside her Carleton Avenue home with the hammer.

"There was no argument that night, they hadn't even spoken in weeks," said Dori Lynn. "He was like a man obsessed. She had stepped out to take clothes off the wash line when he attacked her."

Dori Lynn said the plea terms — which could put Moore on the street in 14 years instead of 30 or 60 — are "a disgrace. I was there when this man down and out beat my mother upside the head with a hammer. Parts of her head flew across the room."

Tanya and Dori Lynn said they and other family members plan to write letters to Callahan asking him to reject the plea.

They said they were never apprised of the plea terms at any point by the Prosecutor's Office or its Victim Assistance Unit. As a further plea condition, Moore has agreed to drop his own lawsuit against the state, in which he charged the grand jury pool that heard his case in 1987 and indicted him for felony murder did not have enough minority jurors.

Judge orders former mayor Mocco to disclose finances

Continued from Page 1

Richard Catenacci, an attorney for Chase Manhattan, said the bank was prepared to seize what assets it could if the judge denies Mocco's motion to vacate the judgment. A hearing date is scheduled for Dec. 23.

"We know where their assets are and we will proceed accordingly," Catenacci said.

According to legal documents, Chase Manhattan began foreclosure proceedings against Gregory Avenue Associates last June after the company failed to pay back loans originally totaling \$26 million.

According to a complaint filed in U.S. District Court in Newark, Mocco and Silverman

borrowed the money to convert three industrial buildings in Weehawken into a 177 unit condominium complex.

Since the Oct. 4 default judgment was handed down, Mocco has filed an affidavit claiming the bank was responsible for his dilemma because it had failed to send closing papers on a deal supposedly reached between the parties to restructure the debts.

"We are in this circumstance now solely because of the action of the bank in refusing to provide the closing papers or to negotiate in good faith," Mocco said.

Mocco admitted he had changed his proposal in the final stages of the deal hoping to roll

back the interest rate date and lower his payments. The bank rejected the proposal and pushed forward with foreclosure proceedings.

Mocco's attorney Harold Ruvoldt said his client had told him not to file a reply to the bank's August request for a default judgment. He said the deal had fallen through because, "one of the parties got a little greedy."

In the same affidavit Mocco alleges that the bank is to blame for the project going over budget because bank officials required the developers to use union labor.

"This was forced upon us so that the bank would not lose the union funds deposited at its several branches," Mocco said.

Catanacci said the bank expects a "substantial shortfall" between what the developers owe and the value of the property and have been working to restructure the loans since they came due in December of 1989.

He denied that any deal had been finalized.

"We're not receiving any offers that would settle this case," he said.

The attorney said a preliminary look into Mocco's assets show that he "does not have a lot of cash." The bank will be looking at Mocco's other properties, he said, to see how much of their value is clear of debt.

Mocco's real estate empire has been repeatedly buffeted by legal and financial difficulties

this year with creditors filing suit across Hudson County.

Among those creditors are five real estate brokers who claim Mocco cheated them out of \$1.4 million in fees after they found renters or buyers for his properties. In the suits, the realtors accuse Mocco of avoiding payments by transferring the properties for \$1 to other corporations.

Federal law enforcement authorities are also looking into the state's \$18.2 million rental of a Jersey City building, formerly owned by Mocco, now owned by State Assembly Speaker Alan J. Karcher. Karcher's company, founded last year by Mocco, stands to reap a multimillion dollar profit from the deal.

Ames to ax 400 jobs

Continued from Page 1

warehouse, and consolidated it with the one at 125 Castle Road, he said.

About 90 people were laid off, he said.

Gerstein said he was not surprised by yesterday's announcement, given the financial state of the company.

He said Ames sent the union a notice about the upcoming closing yesterday, indicating the warehouse would close on or about Feb. 14, he said. Workers at the warehouse make an average of more than \$7 an hour, he said.

Gerstein said laid-off workers will receive severance pay based their average earnings over a five-year period and the total number of years of service.

He said the union is working with the state unemployment office and a state agency that re-trains workers in an effort to help the employees find new jobs. They are also alerting other union shops in the area, including K-Mart and Liz Claiborne, that the workers are available.

"We will do our very best to place them in other union shops," he said.

Ames' financial troubles began after the company purchased the Zayre discount chain in October 1988 for \$778 million. Although Zayre was losing money at the time, Ames executives were convinced they could turn the stores around, Roberts said.

"The Zayre acquisition put an awful lot of pressure on the company. We had expectations for that company in terms of their sales that were never realized," he said.

As a result of the purchase, the number of stores in the Ames chain doubled to more than 700.

Since filing for Chapter 11 bankruptcy protection in April 1990, the company has closed 311 stores. In October, it announced it will close another 77.

At its peak, the company had 55,000 employees, Roberts said. Now there are 29,000.

The Secaucus warehouse is one of five existing warehouses, Roberts said. At its peak, the company had 12.

Continued from Page 1

— band works hard and I work hard and we're not getting anywhere."

Asked if she would benefit from the type of capital gains tax reductions endorsed by President Bush and Republican

leaders, she responded: "Absolutely not. People of my class don't have anything to sell."

She endorsed the child tax credits proposed by Sen. Bill Bradley, D-N.J., who chaired the hearing and invited her to Washington. Similar credits also

have been proposed by the chairman of the tax-writing panel, Sen. Lloyd Bentsen, D-Texas.

Bradley would grant \$350 tax credits to families for each child, paid for with a combination of domestic and defense

cuts. Bentsen proposed \$300 tax credits for each child, financed solely through defense cuts.

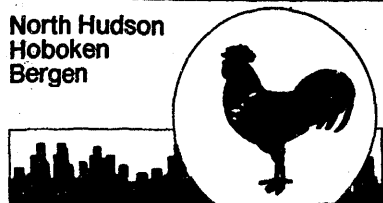
McKenna and three other people testified about their financial straits to show the senators how middle-class citizens are suffering through the re-

cession. Among the others was Paul Cohen, a 51-year-old supermarket department manager from Philadelphia who was laid off in March and has not found work since.

"I have no idea where and when I'll find a job," he said.

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Lack of budget may bring punishment

By Gretchen Lang
Journal staff writer

NORTH BERGEN — The township faces a cash flow crisis and its leaders face personal fines if they don't come up with a budget proposal within the next couple of weeks, state finance officials have warned.

North Bergen is one of only two municipalities statewide that remain without a budget for fiscal year 1992.

Officials face personal fines if budget is not approved

Thirty-seven municipalities across the state have adopted a fiscal year budget cycle since the option allowing them to do so was signed into law earlier this year.

The township's budget was due Sept. 1, and state officials will send letters today notifying the township that the commissioners face personal fines

for every day they fail to introduce a budget, according to Michael Dill, assistant director of the Division of Local Government Services.

"We're not going to let it go much longer," Dill said. "There are no real excuses for it that we can see."

Those responsible for preparing the budget face fines of \$25 a day, Dill

said. Dill said he did not know when the fines would start but that it would be a matter of days rather than months.

Also, under new state finance laws, the director can move in and set a tax levy himself if the township fails to do so, Dill said.

Finance Commissioner Thomas Ligio, who is working on the budget with

Mayor Nicholas Sacco and Township Attorney Herb Klitzner, could not be reached for comment.

Klitzner said the township was struggling to keep the new budget under the 4.5 percent increase allowable by law. He blamed contracted union salaries for inflating the budget past acceptable levels.

"We're still working on the num-

See LACK — Page 4

No verdict yet for McCann



The jurors in the bank fraud trial of Jersey City Mayor Gerald McCann listen as U.S. District Court Judge John C. Liffand instructs them on the law. McCann, right foreground, and his attorney Matthew Boylan also listen to the instructions.

McCann jury still deliberating

By Michael Finnegan
Journal staff writer

TRENTON — The jury in the bank fraud and tax evasion trial of Jersey City Mayor Gerald McCann deliberated yesterday for five hours without reaching a verdict.

The jurors were allowed to go home and were due to resume this morning at the federal court building.

The first day of deliberations started at 11:30 a.m. after U.S. District Judge John C. Liffand told the jury how to apply the law to the charges against McCann. The jury later sent notes to the judge asking for clarification of fraud charges in the 16-count indictment.

The indictment includes eight counts of mail fraud and three counts of wire fraud. McCann is charged with defrauding Southern Florida Banc, a Boca Raton sav-

ings association, out of its \$300,000 investment in a plan to develop Liberty State Park.

Prosecutors say McCann, who managed the investment, misused a substantial portion of the money for personal enjoyment, including \$42,112 to pay credit card bills for jewelry, restaurant meals, travel and other expenses.

See MCCANN — Page 4

Tax repeal vote due Thursday

State Senate Dems fine tune proposals

By Thomas Martello
Associated Press writer

TRENTON — The state Senate yesterday made last-minute changes to the Democrat-sponsored bills to roll back the state's \$2.8 billion tax increase, setting the stage for a vote Thursday in the upper house.

The majority Democrats were the only ones to approve the changes, which they pushed as a way to gain support for the tax repeal from their counterparts in the Assembly.

"The Assembly Democratic leaders have formulated some constructive suggestions to improve the tax repeal legislation and enhance the state's long range fiscal practices," said Senate President John Lynch, D-Middlesex. "I think this clearly has the votes in our house."

The changes would create a bipartisan commission to study New Jersey tax policy. They also would delay by six months the date an income tax repeal would take effect and tie all the

tax repeal bills together so they could be considered as one package.

Assembly Speaker Joseph Doria, D-Hudson, praised the Senate's endorsement of a tax study commission.

Democrats lost their majorities in both houses last month after Republicans campaigned against the 1990 tax increases. The outgoing leadership wants to vote on removing the taxes before the GOP gains veto-proof majorities in both the Senate and Assembly next month.

Incoming Republican leaders, who have criticized the tax repeal effort as irresponsible, blasted the amendments.

"The members of the Republican delegation ... will not participate in this process that has been designed to merely exact revenge on the Republican Party and the electorate," said Sen. John Dorsey, R-Morris. "We cannot condone repealing in haste what you have created in haste."

See SENATE — Page 4

Mistrial declared in Playboy case

WNY man angered by Cuban nudes

By Miri Ascarelli
Journal staff writer

NEW YORK — A judge yesterday declared a mistrial in the case of a West New York man accused of threatening Playboy if the magazine did not apologize for printing photos of naked Cuban women.

U.S. District Court Judge Morris E. Laskar called a mistrial after jurors voted 8 to 4 to

acquitt Humberto Alvarado of charges that he made threats against Playboy. A jury's verdict must be unanimous, otherwise it is considered to be a "hung" jury, and a mistrial is declared.

At issue was whether Alvarado was exercising free speech rights when he threatened to "resort to violence" if Playboy did not apologize for a pictorial

See MISTRIAL — Page 4

Trying to tell teens how to avoid AIDS

By Dan Rosenfeld
Journal staff writer

Amid the raging hormones, training bras and poorly hidden note passings, a Jersey City eighth-grade class is being taught the most valuable lesson of the year. It was about AIDS.

They fidget under peeling baby-blue paint in School 34's makeshift library, appearing hesitant to talk publicly about sex, drugs and contracting the virus.

"Any kind of sex which involves semen or vaginal fluids can transmit the HIV virus,"

Marilyn Gargulinski tells the class.

She is the HIV educator for the state-run Jersey City school district and doesn't sugar-coat sex or the devastating effects of the AIDS virus. She starts out slowly, telling the teens that it's all right to be embarrassed.

"Condoms are not wash-and-wear," she said half-jokingly.

The 26-year veteran of city schools and School 34 graduate has only one mission. AIDS is almost an entirely preventable disease, but Gargulinski must

See SOME — Page 4

Inside

WEATHER:



Today: Cloudy, light snow, upper 20s to low 30s
Tonight: Cloudy, windy, light snow, teens to 20s
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Two locals make Heisman

By Harvey Zucker
Journal sports editor

NEW YORK CITY — Jerry Rajlevic of Hoboken High School once thought his athletic career would be on a soccer field.

Palisades Park High School's Jason Miletic once dreamt about being the drummer in a band and playing baseball.

Yesterday, the two reached the pinnacle of their high school careers when they were honored along with 12 other football players from New Jersey, New York and Connecticut as members of the 1991 Pepsi/Heisman High School Football All-Star

Rajlevic and Miletic picked as All-Stars

Team. Miletic threw 21 touchdown passes for Palisades Park this season and ran for seven others. He had over 1,500 passing yards and 550 rushing and threw one touchdown pass for every four completions.

Rajlevic is New Jersey's premier high school kicker and punter. He set county records for kicking points in a season (65), kicking points in a career (142), most extra point kicks (50), field goals in a season (five) — the longest 42 yards) and career field goals (12). On de-

fense, he intercepted five passes and ran four back for touchdowns.

It was a dream morning for the high schoolers as they sat next to some of the greatest college football players of all time for breakfast in the fabled Heisman Room of the Downtown Athletic Club. As they stared at the walls bearing the portraits of all the great Heisman Trophy winners, they could look around and see many of them in person.

Glenn Davis, Army's great running back of the 1940s, was there. So were Leon Hart and Angelo Bertelli, two of Notre

See TWO — Page 21

Some kids who just want fun could die of AIDS

Continued from Page 1

convince the teens to suppress their awakening desires or at least protect themselves.

"Sex is not love," she told the students Friday. "Sex is only a part of love."

The girls are drawn to her and eager to participate, but the boys giggle at almost any mention of sex. Many boys stare at the floor and none willingly joins in the discussion.

She switches gears, trying to get the boys to relate to the lesson. She asks one student to explain football to the class and then uses the analogy to go on offense.

"The HIV virus is the running back," Gargulinski said. "It's his duty to get through the defense."

Health experts agree that teenagers are likely to be the next wave of people with AIDS. The state Department of Health recommends starting AIDS education in the early grades and continuing with increasingly powerful warnings until graduation.

Forty-three of New Jersey's 11,756 people with AIDS are teen-agers, but 2,132 are in their 20s, according to DOH statistics. The majority of this group contracted the virus during their teen years, health officials estimate.

Sexual activity among teens is not new, but the consequences are now much more dire than an unwanted pregnancy. HIV-positive students are not required to inform school officials who they are, but it's no secret most schools have HIV-positive people.

"There could be five students in a school. There could be 10," Gargulinski said. "There's no way of knowing."

The students have friends who are sexually active and many are not practicing safe sex messages.

"The boys say 'I don't like wearing condoms because you really don't feel what's happening,'" one girl said after class. (School officials requested the students' names not be used.)

"The girls don't make them use it," she added. "I have a friend who says she loves him (her boyfriend) and she don't care. She say he won't do anything to hurt her."

AIDS is already the number one killer of black women of child-bearing age, the DOH reported.

"The girls are especially at risk be-

cause they will date older boys," Gargulinski said after class.

But the practice of boys supposedly being educated by their peers seems hard to break.

"You've got to be learning about sex in public," an eighth-grade boy said. "Some people are being smart. Others are just going out and having fun."

Gargulinski tested the students' knowledge by playing an adaptation of Pin the Tail on the Donkey and Red Light, Green Light. Red, yellow and green circles were taped to the board.

Students were then handed index cards with actions from "injecting intravenous drugs" to "holding hands" written on them. The students had to tape their card next to the appropriate light based on how risky that action, would be.

Most students properly placed their cards, but two boys put "holding hands" and "kissing" improperly on the red.

"Most of them have a pretty good idea what the risk are," Gargulinski said. "Some of the students thought Magic Johnson wasn't playing basketball anymore because they thought he could spread AIDS."

At the end of the class, the students head outside to begin the real discussions, teasing and flirting. Gargulinski's main hope is that the teens allow their minds and personalities to catch up with their bodies before having sex and opening up the chance of contracting the AIDS virus.

"Knowledge is not enough," she said. "I just hope they keep delaying it as long as possible."

Sheil ending legal appeal vs. HCCC

Walter N. Sheil, fired three years ago as president of Hudson County Community College, will not appeal the latest rejection of his claim to an HCCC job, bringing to a close more than three years of court battles that kept the school in turmoil.

"I think the litigation is over and we're going to let it stand the way it is," said Sheil's attorney, Robert Margulies.

Margulies said he has decided not to appeal. Sheil could not be reached for comment.

HCCC's attorney, Donald Scarinci, noted that the current college trustees did not hire Sheil or begin the legal proceedings that led to his dismissal. But the end of the litigation removes a cloud of uncertainty that hung over college operations, Scarinci said.

"It postures the college to put that chapter behind it, close that book and move on," Scarinci said.

The college's insurer will pay HCCC's legal fees, which Scarinci said he could not estimate.



Holiday cheer for commuters

Members of the Ferris High School (Jersey City) Vocal Ensemble sing Christmas songs at NJ Transit's Hoboken waiting room. From left are Namow Featherstone, April Spenser, Tiffanie Cardwell and Charles Robinson.

Journal photo by Scott Lituchy

Senate tax repeal vote scheduled Thursday

Continued from Page 1

Assemblyman Robert Franks, R-Union, who is chairman of the Republican State Committee, said the changes "are merely a cosmetic addition to the misguided tax repeal effort." He said the Democrats should allow the incoming Republican majorities to take office before tackling taxes.

Efforts by Assembly Democrats to introduce the tax repeal measures have been thwarted by a Republican boycott of the lower house sessions. Democrats have not been able to gather the 41 members needed to hold sessions because of members' illnesses and vacation plans. Republicans yesterday again refused to attend a scheduled session because Democrats had only 39 of 43 members present. The session was called off.

But the plot thickened yesterday as Doria decided to hold appropriations committee hearings on tax repeal bills introduced by Republicans. The first hearing is scheduled for Friday. Under this scenario, Democrats can change the GOP bills to make them conform to the Senate Democratic measure.

Gov. Jim Florio, who has not committed to the tax repeal effort, last week endorsed the idea of a tax study commission, saying he would support a non-

partisan look at taxes. He also said stalling a repeal of the income tax increase from July 1992 to January 1993 would make more sense. Under the Democratic measure, the increases in the state sales tax and higher levies on alcohol and tobacco products would end by July 1992.

However, the governor has not yet made his mind up on the matter, said spokesman Jon Shure.

The proposed study commission would be set up by the incoming Republicans and would include 13 voting members, including lawmakers, and representatives of business, organized labor, education, local governments and citizen groups. Several study commissions have recommended changes in the past only to meet with resistance from lawmakers.

Democrats have pushed a tax repeal as a way to force the incoming Republicans to address the taxes they opposed and the state programs they financed.

The GOP has branded the effort as irresponsible, citing dwindling state revenues and a predicted budget shortfall.

Republicans say, however, that they are committed to rolling back the sales tax from 7 percent to 6 percent.

McCann jury still undecided after five hours

Continued from Page 1

In one of its notes to Lifland, the jury said, "Please define mail fraud concerning credit card receipts. Is it the bill, the payment or both that is a crime?"

The indictment says the mailing of two American Express and two Citibank Visa bills to McCann in early 1987 amounted to four counts of mail fraud.

Lifland told the jury that to convict McCann on those counts, there is no need to find he was "directly or personally" involved in putting the bills in the mail, nor that he specifically authorized the mailings.

A defendant can be found guilty of mail fraud, Lifland said, for causing someone else to deposit in the mail an item which furthers his fraudulent scheme.

The indictment says McCann

caused American Express and Citibank Visa to send him the four bills, furthering his fraud against Southern Floridbank. It charges him with using a "substantial portion" of the thrift's \$300,000 to pay third parties like credit card companies to help hide from the thrift his misuse of the money.

McCann denies wrongdoing, saying Southern Floridbank authorized him to pay himself a \$5,000 monthly salary for managing the investment from March 1986 to June 1987.

In another note, the jury asked Lifland to name the "physical location" of four documents when they were subpoenaed by the federal grand jury that indicted McCann in July.

Lifland told the 12 jurors there was no evidence presented at the trial that would answer the question, and asked them not to speculate on where

the documents came from.

Outside the jury's hearing, U.S. Attorney Michael Chertoff told Lifland the documents were subpoenaed from the federal Resolution Trust Corporation, the agency created by Congress in 1989 to handle the savings and loan bailout.

The jury posed no questions about the four tax crimes McCann is accused of committing. The indictment charges him with evading income taxes on some of the money he took from Southern Floridbank, and covering up the crime by lying to the IRS last year in fraudulent tax returns.

In testimony at the trial, McCann called the apparent irregularities in his tax returns "a mistake."

Before deliberations began, Lifland took 90 minutes to instruct the jury on the law. He summarized the indictment and

explained each count, saying prosecutors had to prove every element in each count beyond a reasonable doubt to win a conviction.

Lifland told the jury that mistakes, negligence, carelessness or errors do not constitute criminal conduct, an apparent suggestion that McCann should be acquitted if the jury believes his testimony that his alleged tax crimes were "mistakes."

To find McCann guilty of tax evasion, Lifland said, the jury must find that he "willfully" concealed taxable income from the IRS. The American system of tax collection relies on the honesty of taxpayers, the judge said.

And in weighing McCann's credibility as a witness, Lifland advised the jury to consider his "vital interest in the outcome of his trial."

Lack of a budget may spell crisis and fines

Continued from Page 1

bers. We're still trying to cut," he said.

The township has been without a budget since its 1991 transition year budget expired on June 30. Since that time, the township has paid its bills using emergency appropriations approved by the Board of Commissioners every two weeks.

Dill said that the township faces a cash flow crisis if a tax rate is not set in time for February's tax billing.

Traditionally, municipalities have run into difficulties when budgeting for a calendar year because state aid is distributed on a fiscal year basis. To breach the six-month gap, municipalities take out short-term loans called tax anticipation notes.

Local governments often did not raise the "anticipated" amount and ended up with increased debt so many have opted to switch to a fiscal year cycle that will synchronize with state aid.

Georgia honors head of the Deborah Center

A Bayonne man has been awarded honorary citizenship in the newly renamed Democratic Republic of Georgia for his efforts in helping children there get heart surgery.

Stanley H. Fryczynski Jr., president of the Deborah Heart and Lung Center and Deborah Hospital Foundation, was also granted an honorary doctorate of medicine from the medical school in the Georgian republic.

Fryczynski received the honors during his recent trip to the former Soviet republic, as part of a follow-up visit to Deborah's medical and surgical mission to the country in September, 1990.

"I was extremely touched by the still-strong gratitude and love felt by the people of Georgia for Deborah, a hospital halfway around the world," he said recently. The Deborah Heart and Lung Center is located in Browns Mills.

The honorary citizenship was presented to Fryczynski by Georgia's first democratically elected president, Zviad Gamsakhurdia, on behalf of the Parliament.

Deborah Heart and Lung



Stanley Fryczynski
Honorary citizen

Center officials said the honorary doctorate of medicine was awarded by Georgian Minister of Health Dr. Manana Dzodzushvili.

Gamsakhurdia cited "the tremendous impact Fryczynski and his efforts through Deborah have made on the lives and health of the people of Georgia, most particularly on its most precious resource, its children."

Mistrial is declared in WNY man's trial

Playboy magazine layout of nude Cuban woman sparked dispute

Continued from Page 1

display of naked women in its March issue.

The photographs illustrated an article titled, "Cuba Libre," which means "Free Cuba." Alvarado was upset by the photographs because he felt they degraded Cuban women, officials said.

He was also offended by the article because it implied Cuba was a free country, when it is still ruled by Communist dictator Fidel Castro.

"I'm not surprised by the verdict," said Alvarado's attorney Robert Precht. "I still believe Mr. Alvarado did not make threats."

Michael Sommer, the assistant U.S. attorney who prosecuted the case, declined to comment. He said the government has 70 days to decide whether to re-try the case.

The jury in the Alvarado case began deliberating Thursday afternoon, after a 1½-day trial. In total, the jury deliberated about 12 hours, Precht said.

The trial stemmed from federal charges filed last February after Alvara-

do was accused of "making threats with the intent to extort."

According to court papers filed Feb. 12, Alvarado made the threats during telephone conversations between Alvarado and Jack Gonzalez, Chicago security manager for Playboy, and William Rawald, Playboy's director of security.

On Feb. 7, Alvarado allegedly told Gonzalez that if Playboy did not publish an apology within a week he would resort to violence. He also told them he was prepared to die and would destroy Playboy, its president Christie Hefner, and anyone else who interfered with him, according to court papers.

In a conversation with Rawald later that day, Alvarado made similar threats and also told him "he had expertise with substances such as material constructions, oxidizers and funnels, and that he had what it took to achieve his objectives," the complaint states.

On Feb. 9, Alvarado sent a telegram to Hefner telling her that if an apology was not forthcoming, "May God help us all," the complaint states.

He then called Rawald on Feb. 12 to say he was willing to die for his cause and already had tickets to travel to Chicago, where Playboy's headquarters are located, according to the complaint.

Playboy officials said they took the threats seriously because Alvarado claimed to have experience using firearms.

During the trial, Precht did not take issue with whether Alvarado made threats. He argued Alvarado's comments should be viewed in the context of a political speech in which the speaker uses hyperbole and rhetoric to make his point.

Precht also questioned how seriously Playboy actually took the "threats" because there was "no evidence" Playboy took steps to reinforce its security after the conversations with Alvarado.

Precht noted that security officials sent a memo to Hefner telling her about the threats, but never spoke to her personally about them. Furthermore, he said, the company did not circulate Alvarado's photograph until after the charges were filed.

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GUILTY

Jury knew they'd vote to convict

By Helene Stapinski
Journal staff writer

TRENTON — The minute the door closed behind them for deliberations on Monday, the jurors knew Jersey City Mayor Gerald McCann was guilty of something.

"There were people who felt he was guilty of everything," said jury foreman Robert Laidlaw. "Some thought he was just guilty of some things. But nobody thought he was totally innocent."

Laidlaw, an AT&T repairman from Jackson who has family roots in Jersey City, was the man who delivered the verdict yesterday afternoon to a packed Trenton courtroom. He said he and the two other men and nine women were glad it was finally over.

"I would refer to it as intense," said Laidlaw of the jury's 10½ hours of deliberations. "There was a lot of hashing out."

No votes were taken early on, said one juror who didn't want to be identified. When the jury first entered the room, they reviewed the stacks of paper and took turns reading different exhibits as they pertained to each count, he said.

They systematically went through each of the 16 counts, he said, before giving their opinions.

"I don't think anybody was dead set on every single count," the juror said. One issue that they questioned was the absence of Robert Gibbs, a bank official that neither the defense nor the prosecution called to testify.

"Whether that would have helped or hurt the case I don't know. But I'm kind of puzzled. Why wasn't he there?"

One witness who certainly didn't help the defense was McCann, who testified for three days. McCann talked at length about his mid-1980s development career, prompting the judge, the prosecutor and even



Journal photo by Larry Cutshall

Mayoral aide Raul Vicente Jr. tries to keep reporters away from Jersey City Mayor Gerald McCann after a federal jury in Trenton convicted him on 15 charges.

McCann faces prison term, loss of office

By Michael Finnegan
Journal staff writer

TRENTON — A federal jury convicted Jersey City Mayor Gerald McCann yesterday on 15 counts of fraud and other crimes for swindling a Florida savings and loan out of nearly \$300,000, evading income taxes and covering up his misconduct with lies.

McCann, 41, was acquitted on just one count of mail fraud.

His attorney, Matthew P. Boylan, said McCann would not resign as mayor of the state's second largest city. But a spokesman for the New Jersey Attorney General's Office said the state may go to court to have McCann removed from office.

McCann's face flushed as the jury foreman announced "guilty" 15 times. McCann's mother, who sat behind him in the front row of the courtroom every day of the four-week trial, quietly wept.

The jury returned its verdict at 2:30 p.m. after 10½ hours of deliberations over two days. U.S. District Judge John C. Liffand allowed McCann to remain free on a \$100,000 bond until sentencing. The sentencing was not scheduled.

If sentenced to the maximum, McCann would face a maximum punishment of five years in prison for each of his 14 felony convictions and one year for a misdemeanor conviction, along with possible fines of more than \$1 million, according to U.S. Attorney Michael Chertoff.

Chertoff, who as New Jersey's top federal prosecutor put his reputation on the line by trying the case himself, said he would ask Liffand to impose a substantial penalty.

"My view has always been that these are serious crimes, and our position is going to be that there should be serious punishment," Chertoff said.

Chertoff called the verdict "a vindication of the truth," saying McCann tried to pull off "a major bank fraud." He suggested that McCann, now convicted of multiple felonies, "ought to consider in his own conscience — and in terms of his obligations to the citizens of Jersey City — whether it wouldn't be appropriate for him to voluntarily leave office."

McCann, surrounded by family members and political aides, walked briskly out of the courtroom after the verdict was announced, refusing to talk to reporters. As he left the courthouse, McCann continued to ignore reporters' questions, saying nothing but "Where's the car?" He could not be reached for comment later in the day.

Boylan said McCann would appeal the ver-

The verdict

Jersey City Mayor Gerald McCann was convicted yesterday on 15 of the 16 federal counts he was charged with. They were:

- One count of making false statements to a bank.
- One count of evading federal income taxes.
- Two counts of making false statements to the Internal Revenue Service.
- One count of failure to file his 1987 tax return.
- Seven counts of using the U.S. mail to commit fraud.
- Three counts of using interstate telephone lines to commit fraud.

McCann was acquitted on one count of mail fraud.



"All of Mr. McCann's insults or offers of jobs driving garbage trucks don't really count for much now ... The jury has said greed is not an excuse."

Michael Chertoff

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Law's unclear if mayor must step down

By John Petrick
Journal staff writer

Just how long Mayor Gerald McCann can remain Jersey City's leader is about as questionable as the future of the Soviet leadership right now.

It was a little like the collapse of Communism at City Hall yesterday, if only for the political confusion the verdict created. Lawyers and municipal officials were giving various interpretations of what the "rules" are now that the mayor is a convicted felon.

But that's all they were. Interpretations.

Ultimately, a state judge — with much legal flexibility — will be the one to decide just when the mayor must leave, according to state and federal officials.

If the judge sees fit, the mayor could

Just how many mayors are waiting in wings?

be out of office on the day he is sentenced or could remain mayor pending his appeal.

McCann's mayoral fate is dictated by the state forfeiture statute, which says an elected official must leave office either at the time of conviction or the time of sentencing if he is found guilty of a crime involving "dishonesty or a crime of the third degree."

State Attorney General's Office spokesman Chuck Davis said yesterday that the state Division of Criminal Justice will begin analyzing McCann's federal crimes to see how they match up to the state equivalent of a third-degree crime.

The Attorney General's Office may then file a motion before a state Superior Court judge asking for McCann's remov-

al.

As City Clerk Robert Byrne hunched over a pile of statutes at his desk, it became clearer and clearer that there are no exact "rules" that state flatly when the mayor must leave.

"This is a very weird situation. There are going to be a lot of interpretations," said Byrne.

Assuming the mayor cannot complete his term, then what happens?

If McCann is not allowed to complete his term, a whole other set of state laws makes it conceivable for Jersey City to have three different mayors over the next two years.

Or, the city might have no mayor at all for many, many months.

Under the Municipal Vacancy Law, the City Council has 30 days from the

time of vacancy to appoint an interim mayor. That person, who needs five Council votes to be appointed, would serve until the November general election, when candidates would run for the position. The winner of that election would remain in office until the regular municipal election in May of 1993.

According to City Clerk Robert Byrne, there is no provision for a city of Jersey City's governmental setup to hold a special election if the council fail to agree on an interim mayor.

"It does not appear there is a mechanism for a special election. And yet I can't imagine that the Legislature has not made some provision to make sure we are not mayorless until November."

Should an interim mayor fail to be appointed within the 30-day time frame, the city could ask a judge to approve a special election.

McCANN VERDICT: GUILTY

A decision awaits

Not whether, but when?

By Peter Weiss
Journal staff writer

It's no longer a question of whether there will be yet another major political upheaval in Jersey City and Hudson County. Gerald McCann's conviction yesterday on federal bank fraud charges makes it a question of when.

The "when" is when McCann yields office.

U.S. Attorney Michael Chertoff seemingly delivered a message yesterday when he said McCann should resign for the good of the city. The message is that if McCann leaves office voluntarily, it would be a consideration in sentencing.

Otherwise, McCann will likely stay in office at least until the sentencing. No date has been set.

Obviously there will be different scenarios if McCann re-

McCann facing options on stepping down

signs soon or if he hangs onto his office as long as he can.

While he's mayor, even with the cloud of a conviction overhead, he'll be a political factor. But the erosion of his influence that began with the federal investigation of his activities and escalated with his indictment will be mild compared to what happens now.

"I think you're going to see a dramatic shift on the City Council," said Councilman William O'Dea.

He said he sees most of the five council members now aligned, to varying degrees, with McCann, moving away from him. "It's going to be more difficult for him to get things approved by the council."

Councilman Dan Waddleton, another ally of McCann, has been seeking support to be

It will take the votes of five council members to select an interim mayor who would serve until a special election in November.

named interim mayor. So has Corporation Counsel Harold Ruvolet Jr.

Other names that have come up in the past few days as possible interim mayors are Bernard Hartnett, a former county Democratic chairman and general counsel to New Jersey Bell; Human Resources Director Harry Melendez, who would be a McCann choice; Assemblyman Joseph Charles; and Rep. Frank Guarini.

There are also several council members who have expressed interest.

It will take the votes of five council members to select an interim mayor who would serve until a special election in November.

The next regular election will be held in May 1993. The timetable might discourage some people from wanting to be appointed interim mayor or entering the special election.

"It's a mess," said one prominent political strategist. He said he doesn't see anyone right now with more than three council votes. And alliances appear to change with each phone call.

As for the rest of the county, it's a wait-and-see attitude. "A lot of stuff is happening," said one out-of-town Democratic leader. "It's an interesting time."

McCann's career

Gerald McCann has been in Hudson County politics since he was young. Here are a few highlights from his long and stormy career:

■ Ran for City Council in 1973 at age 23, but lost

■ Elected to City Council in 1977

■ Elected mayor in 1981 at age 31; as mayor secured a \$40 million

federal grant for Newport project and lured major developers

■ Lost mayoral election to Anthony Cucci in 1985; was accused in class-action civil suit of trying to prevent minorities from voting.

The case was settled with the payment of \$500,000 in damages.

■ Went into real estate development

■ Tried unsuccessfully during



Mayor Gerald McCann

1985-86 to build a sports and concert arena in Scranton, Pa.

■ Tried unsuccessfully to market waterfront land in Jersey City in 1987

■ Unsuccessfully tried to buy Metropolitan Savings and Loan in 1988

■ Elected mayor again in 1989

■ Convicted of 15 counts in 1991

REACTIONS

City police celebrate conviction

By Stan H. Eason
Journal staff writer

The news of Mayor Gerald McCann's conviction shot through the Police Department like a thousand volts of electricity.

The reaction was nearly the same wherever there hung a badge.

"They got him, they got him. They finally got him," said one patrolman, whose voice was drowned by prolonged cheers. "We had to throw buckets of water to put all the fireworks out. The morale got an electrical charge."

It was 2:44 p.m. yesterday, just one minute before four change in the West District when it was announced that McCann did not beat the rap.

"Happy Conviction Day"

"He's guilty on 15 out of 16 charges," a patrolman yelled out. "It's Happy Conviction Day. This is the culmination of two-and-a-half years of what's been going on."

And with that, a match became a torch. Morale on the force has sunk to the depths over the past year, many officers have said.

In February, McCann laid off 50 officers, demoted numerous ranking officers and threatened to lay off more police because funds were short.

Rampant transfers and suspected promotions to officers aligned with McCann, coupled with the fact McCann planned to eliminate the rank of lieutenant was more than enough to put the rank and file at odds with his office.

Manipulation

The officers felt McCann's influence over the department allowed him to manipulate it. The chief and police director are appointed by the mayor.

"He despises cops," an officer said. "He degraded us in public meetings, saying we're not intelligent, fit or healthy."

Another officer added, "He just can't get away with ruining that many lives, not just the cops but the citizens, too. It's not safe on the streets and senior citizens can't even afford to pay their taxes."

Fearful of reprisal, members of the force asked that their names not be used.

"They would crucify us if we ever put our names down. We've been in fear of retaliation if we say anything on the record," a patrolman said.

"But McCann despises us because he's a criminal. Law-abiding people like cops. He doesn't. Now, he's a convicted criminal. We're glad to see criminals get what they deserve," he said.

"Things can only get better, they can't get any worse," an officer said.



Journal photo by Scott Lituchy

Gloom filled the corridors of City Hall yesterday after the conviction. Left to right stand Police Officer Joseph Roselle; aide Colleen Yewasis; aid Anita McKenna; media specialist Brian Dorf; and aide Raul Vicente.

Sadness and discreet sympathy mix with an uncertain relief at City Hall

By John Petrick
Journal staff writer

As in the aftermath of a high school football game, a car was heard honking outside of City Hall yesterday while a man shouted out the window. "Gerry's gone!"

It was only a half hour or so after the final score was learned: Prosecution, 15; McCann, 1. Mayor Gerald McCann was convicted of all but one of the 16 charges he faced in his bank fraud trial.

And while the driver zooming by might have experienced jubilation, inside the halls of city buildings there was a sense of confusion and sadness.

Even his political enemies said they felt sorry for McCann, although most expressed relief that the ordeal was over and hope that the city's day-to-day operations would move more smoothly.

One councilman even said the mayor should step down now.

While at first expressing sympathy for the mayor and his family, Councilman Joe Rakowski also said, "I hope he would resign from office immediately rather than await sentencing so that the City of Jersey City can run smoothly and that the citizens of Jersey City can once again have the leadership it has lacked in the last several weeks."

"In the meantime, the City Council will provide that leadership," he said. "The mayor in private life made several very poor decisions. He is responsible for his life but he should not continue to be an albatross on the city."

"A jury of his peers has found him guilty. I personally feel he can no longer function as a viable and effective leader of Jersey City."

Rakowski was one of six council members elected on McCann's ticket in 1989.

"I think that even those people who aren't happy with Gerald McCann don't like to see this happen to anyone," said Councilman Jaime Vazquez, a longtime political enemy of the mayor's. "And from a distance, it's easy to make light of. But when it's staring you in the face, you see the

"I hope he would resign from office immediately rather than await sentencing so that the City of Jersey City can run smoothly..."

Joe Rakowski
Councilman

seriousness of it."

If McCann is not allowed to complete his term, Vazquez said that he "only hopes the transition is a smooth one."

Under state law, the council must pick an interim mayor within 30 days after the mayor vacates his post. A state judge, at the request of the Attorney General's Office, will decide when and if McCann must go.

The interim mayor would serve until the November general election, when voters would select a new mayor. That mayor would serve until the regular May municipal election in 1993.

"We now have the possibility of having three mayors in the next year," he noted.

Others were infuriated by the ver-

dict, like Raul Vicente, a mayoral aide.

"If what he did was such a crime, then the heads of conglomerates across the country should be facing a judge today as well," said Vicente. "I don't care about my job. McCann is my friend. And he is a friend of the city."

"It certainly isn't a happy day for the city," said City Clerk Robert Byrne, who was repeatedly interrupted by a flood of phone calls about the verdict.

Corporation Counsel Harold Ruvolet Jr. had little to say. McCann appointed Ruvolet acting mayor last summer and then rescinded the appointment without explanation earlier this month.

"I think it's a personal tragedy for the mayor and his family. He has my sympathy and concern," were his only remarks.

Despite yesterday's events, municipal workers and even some officials were still afraid to say publicly what was really on their minds.

"I think it went a lot worse than anyone thought it would, and I think it's because of his testifying," said one official who asked not to be named.

"I really think that did him in." Another City Hall worker who asked to remain anonymous agreed, saying, "I think his lawyer really blew it. If the guy was corrupt, \$300,000 wasn't much. That should have been stressed more. Still, I didn't see him escaping the bank fraud using the CD as collateral, or the tax evasion."

Since the mayor has been on trial, there has been no acting mayor per se. Most officials agreed that there is little noticeable difference in running daily city operations without a mayor.

Little gloating over McCann's guilty verdict

By Peter Weiss
Journal staff writer

Reaction from Hudson County's political community to news of Jersey City Mayor Gerald McCann's conviction on federal bank fraud charges was generally restrained, even from his political foes.

"My genuine reaction is that I'm not gloating over this unfortunate thing," said former Mayor Anthony Cucci, perhaps McCann's foremost political foe in recent years. "My sympathy is for his family."

Cucci and McCann were once close friends and political allies, but parted ways when both ran for mayor in 1981. McCann won, but was defeated by Cucci in 1985. McCann regained the seat in 1989.

"This is a very sad day for Jersey City. I sympathize with Gerry McCann's family," said former City Council President Glenn Cunningham, another onetime ally who became a foe.

Cunningham was elected on McCann's ticket in 1981 but ran with Cucci in 1985. In 1989, McCann and Cunningham were the top two finishers in a field of 10 for mayor, and McCann beat Cunningham in a runoff one month later.

Jersey City's tragedy

Still another former McCann ally who was in the 1989 mayoral race, former Councilman Thomas Frichione, said, "It's a tragedy for the City of Jersey City and his family. It's time for government to move forward and put the past behind us."

"I have known Gerry and his family for many years and feel great sympathy for them during this difficult time," said Hudson County Executive Robert Janiszewski, who has had an on-and-off political relationship with the mayor.

"Further, it is truly a sad day for the people of Jersey City and Hudson County. As tragic as this is for the McCann family, we must now all join together as a community and focus on ensuring that the City of Jersey City continues to move forward in the best interest of its residents," said Janiszewski.

"I feel very badly for Mayor McCann and his family," said West New York Mayor Anthony DeFino. "This goes beyond politics. It has a relationship to the human aspect."

Union City Commissioner Bruce Walter said, "I certainly feel for his family. I'm sure it's very difficult for them."

Still chairman

Walter is chairman of the faction of Hudson Democrats who broke from McCann earlier this year. McCann remains the officially designated county Democratic chairman. "Although he didn't do anything (illegal) in connection with his office, it's still a negative upon Jersey City," said Walter.

"I feel sad for Gerry McCann and his family," said Rep. Frank Guarini of Jersey City, an ally of the mayor. "It's a dark hour for them and for our community. We must now pull together and work for the common good of our city."

Hudson County Freeholder Louis Manzo, another prominent political foe of the mayor, called it "a tragic day for the city. My heart goes out to his family, who are decent people."

One organization that found vindication in the verdict was the All-Peoples Congress, a left-wing activist group that has battled McCann during both his administrations.

The APC said the mayor's defrauding of \$300,000 from a Florida bank pales in comparison to the damage his policies did to city residents. "McCann's guilty verdict comes after years of tax abatements to developers, evictions, discrimination and condo conversions. It comes after years of denying inner-city workers, especially minority contractors, jobs at publicly funded construction sites," said an APC statement.

McCANN VERDICT: GUILTY

Words like wildfire

By Helene Stapinski
Journal staff writer

TRENTON — Like a spark setting off a chain reaction, the word "verdict" traveled along the crowded Trenton courthouse corridor at 2:25 p.m.

Within seconds, Mayor Gerald McCann, his family, friends and attorneys were scrambling for their seats inside the packed courtroom. Potential jurors from another case filled Judge John C. Lifland's cavernous court, strangers ready to hear the verdict of a case they knew nothing about.

McCann sat at a wooden table, his hands folded in front of him and his face the shade of the red leather chair he occupied for weeks. He sat stonefaced as his fate rapidly unfolded before him.

His sister Barbara sat in the front row, her arm around the shoulder of her white-haired mother, Betty. Mayoral aides Raul Vicente, Fran Smarro and Chief of Staff Harold "Bud" Demellier sat in the second row. They were silent as the judge announced: "I have a note that the jury has a verdict. Bring the jury in, please."

Out walked the 12 anxious jurors, past the gaping audience and the red velvet curtains and into their box.

"Who shall speak?" asked Lifland.

"I shall," answered jury foreman Robert Laidlaw, a bearded man with glasses. Laidlaw started reading the long-

awaited decision, but Lifland cut him short.

"Your verdict is unanimous?" the judge asked.

"Yes. It is," said Laidlaw.

Then he stood and read aloud. "Count number one, not guilty. Count number two, guilty. County number three, guilty."

Like the targets of an expert marksman, the word guilty exploded in the air again and again. Fifteen times the word was read, until Betty McCann was in tears. She sobbed quietly, raising a crumpled tissue to her tired eyes.

McCann's face was flushed, but he showed no emotion. Barbara McCann stared straight ahead blankly as Vicente ran around to the front row and sat on the arm of the wooden bench.

The judge thanked the nine women and three men of the jury, saying, "I don't think I've ever seen a jury more attentive during this long a trial."

As they filed out, the crowd — except for Smarro and McCann's stunned family, who remained seated. McCann stood with his hands behind his back as the attorneys discussed his bail.

When it was all over — a mere five minutes after the word verdict spread through the building — Betty McCann hugged Defense Attorney Matthew Boylan, who kissed her on the cheek.

Outside the swinging doors of Courtroom Number One, McCann also hugged his mother.

Vicente, working as McCann's linebacker, knocked reporters and onlookers out of the way. McCann and his entourage walked swiftly down the marble courthouse stairway, then scattered into the cold December day as quickly as they had assembled.

"Where's the car?" McCann asked, uttering the only words he would say in front of television reporters. Constantly moving, he and his family and bodyguards made their way across the railroad tracks to the pay parking lot, where his driver was waiting.

McCann hopped into the passenger seat of the gray Lincoln and sped off as Boylan, smiling and unshaken, held a press conference on the courtroom steps.

Five floors above Boylan's head, Prosecutor Michael Chertoff was preparing for his own press conference. On his way down in the courthouse elevator, Chertoff asked what comments McCann had for the press.

"Uncharacteristically silent, eh?" Chertoff said with a grin.

Outside the courthouse Chertoff talked about his victory. Two Trenton schoolboys stopped when they saw the camera lights and asked what the commotion was all about. The mayor of Jersey City has been convicted, they were told.

"Is that him?" asked one boy, as he pointed to Chertoff's smiling face.

No. The mayor was long gone by then, on his way home to Jersey City.

Some memorable quotes

From Mayor Gerald McCann's first public acknowledgment in June of 1990 of the investigation into his business dealings, he has been characteristically vocal about it. Yesterday, he would not talk to the news media.

• **June 27, 1990** — Former McCann spokesman Roger Jones comments for McCann in mayor's first acknowledgment of the probe

"As a public official, the mayor understands the nature of complying with the law... There never was a question of wrongdoing and never will be a question of any wrongdoing the mayor understands the nature of complying with the law... There was never a question of wrongdoing and never will be a question of any wrongdoing."

• **August 7, 1990** — McCann

"At some point I am going to be vindicated because they don't have proof of anything on this. After they find nothing, it will strengthen myself politically that I didn't do anything wrong... The Republican Party is embarrassed because of George Bush and all of his sons. All the U.S. attorneys have been put on alert to go after the Democrats."

• **August 7, 1990** — U.S. Attorney Michael Chertoff pressed for comment on McCann charge that government is leaking details of the probe

"From what I've heard, all the statements on any investigation have come from McCann himself. Let him talk if he wants to because it's a free country. But I'm not commenting."

• **March 22, 1991** — McCann on the government's ongoing probe

"They haven't found anything yet. They are frustrated. They have given up on the bank because there is nothing to it. Now they are investigating my tax returns."

• **July 2, 1991** — McCann says he has consulted 15 lawyers

"All have said there is absolutely nothing to this case and anyone who pursues this case has to be politically motivated."

• **July 22, 1991** — Indictment Day

"It's all part of a conspiracy by the Republican Party and Mr. Chertoff to cover up the fact that the Bush family is involved in corruption around the country."

• **Oct. 5, 1991** — McCann as he awaited trial

"It will become obvious that they were insane to bring this case in the first place. And we are going to send Mr. Chertoff back to preparing will. Maybe I can find him a job driving a sanitation truck in Jersey City."

• **Dec. 13, 1991** — Defense attorney Matthew Boylan in his closing statement

"I don't believe that Mayor McCann deserves to be stigmatized as a felon who committed fraud and tax fraud because he failed to understand the reasonable limitations of a development company."

• **Dec. 17, 1991** — Chertoff's remarks on Conviction Day

"All of Mr. McCann's insults or offers of jobs driving garbage trucks don't really count for much now... I feel this vindicates the importance of honesty in business... When people are entrusted with money and with power they have an obligation not to break that trust... The jury has said greed is not an excuse."

• **Dec. 17, 1991** — McCann's only public remarks

"Where's the car?"

Cucci report showed fraud in McCann's activities

By Bill Campbell
Journal staff writer

The nefarious business dealings of Gerald McCann outlined in a private eye's report in 1989 in many ways mirrored the actual circumstances that led to McCann's conviction yesterday on federal fraud and tax charges.

The findings, which were largely ignored by the news media and dismissed by McCann, concluded that fraud was committed in a bungled attempt by McCann to develop a marina at Liberty State Park.

The \$10,000 report was commissioned in March of 1989 by former Mayor Anthony R. Cucci and was released a week before Cucci finished out of the running in his bid for reelection.

Results presented to public before election

McCann ultimately won the election in June 1989 runoff.

The report focused on a \$300,000 investment from the now-defunct Southern Florida-banc Savings and Loan Association into Historic Equishares, a corporation controlled by McCann for the purposes of developing the park.

"Your fear of being innocently involved in any unethical or illegal activity in the development of Liberty State Park or any other area in Jersey City was not without merit," investigator Michael Lipowski told Cucci at the beginning of the report.

"This investigation thus far has shown that it appears there may have been a fraud committed in regards to the \$300,000 transaction," Lipowski, a Florida-based private eye, concluded.

In between, Lipowski loosely pieced together through a trail of paper and interviews with bankers and regulators three main points: McCann received the money, failed to submit a bid to develop the marina, and refused to account for how the funds were spent.

Cucci handed out copies of the report and placed full-page ads in local papers the week before the election. McCann's spokesman characterized the finding at the time as "acts of desperation."

However, a few days after Cucci's news conference, an FBI agent requested a copy of the report which the mayor handed over, Cucci said. The U.S. Attorney's Office, which prosecuted McCann, has refused to comment on the investigation's origins.

In July, McCann was indicted on 16 counts, including bank fraud, mail fraud, wire fraud, submission of false statements to the bank and the IRS, income tax evasion and failure to file a tax return.

While Lipowski's report did not contain the specifics of the federal charges — the fact that McCann purchased tickets to sporting events, bought furs, rare coins and stamps with the investment funds — he raised key issues, identified corporations and individuals.

For example:

• The development project and the amount and source of the funds. The report also stressed that there was no paper trail of where the money was spent.

• MGT Ventures, Inc., a McCann-controlled corporation identified by Lipowski as possibly connected to the scheme, emerged in the federal case as a funnel used by McCann to move funds between the bank and Historic Equishares.

• Many individuals identified by Lipowski in his investigation emerged as key witnesses, like Thomas Kranz, the Louisiana banker who told the private eye and the federal prosecutors that McCann repeatedly refused to provide an accounting of the investment.

"Based on the facts stated in this report... we strongly recommend you, as a public official, notify the proper authorities," Lipowski urged Cucci.



Ex-Jersey City Mayor, former McCann ally Anthony Cucci

These times try the souls of all good voters

By Keith Sharon
Journal staff writer

Though the two places are separated by less than a mile, it is impossible to see the mayor's home in exclusive Port Liberte from the middle-class Greenville block where he was raised. Winfield Avenue is lined with modest gingerbread homes. Wide driveways are filled with family cars. There is

"I'm shocked. I really believed he had a chance to get off."

Danny Podolak
Neighbor

no trash in the street. Around here, convicted Gerald McCann is still a local boy whose family name doesn't deserve to be dragged through the gutter.

Most people on Winfield Avenue, whose votes helped McCann rise to political power, refused to reveal their feelings about their former neighbor yesterday. If they felt betrayed, most didn't show it.

Of those who chose to speak, most were shocked.

"I don't think he deserved (the conviction)," said a woman

who would not give her name. "I'll bet half the jury at one time or another did something funny on their taxes."

"William Kennedy Smith raped a girl and got off. Gerry didn't do nothing like that."

As they heard the news, people shook their heads as they looked at the green house near the corner where McCann's parents still live. About 4 p.m. McCann drove up to the house and dropped off his mother and sister, who hurried inside. The convicted former neighbor sped away.

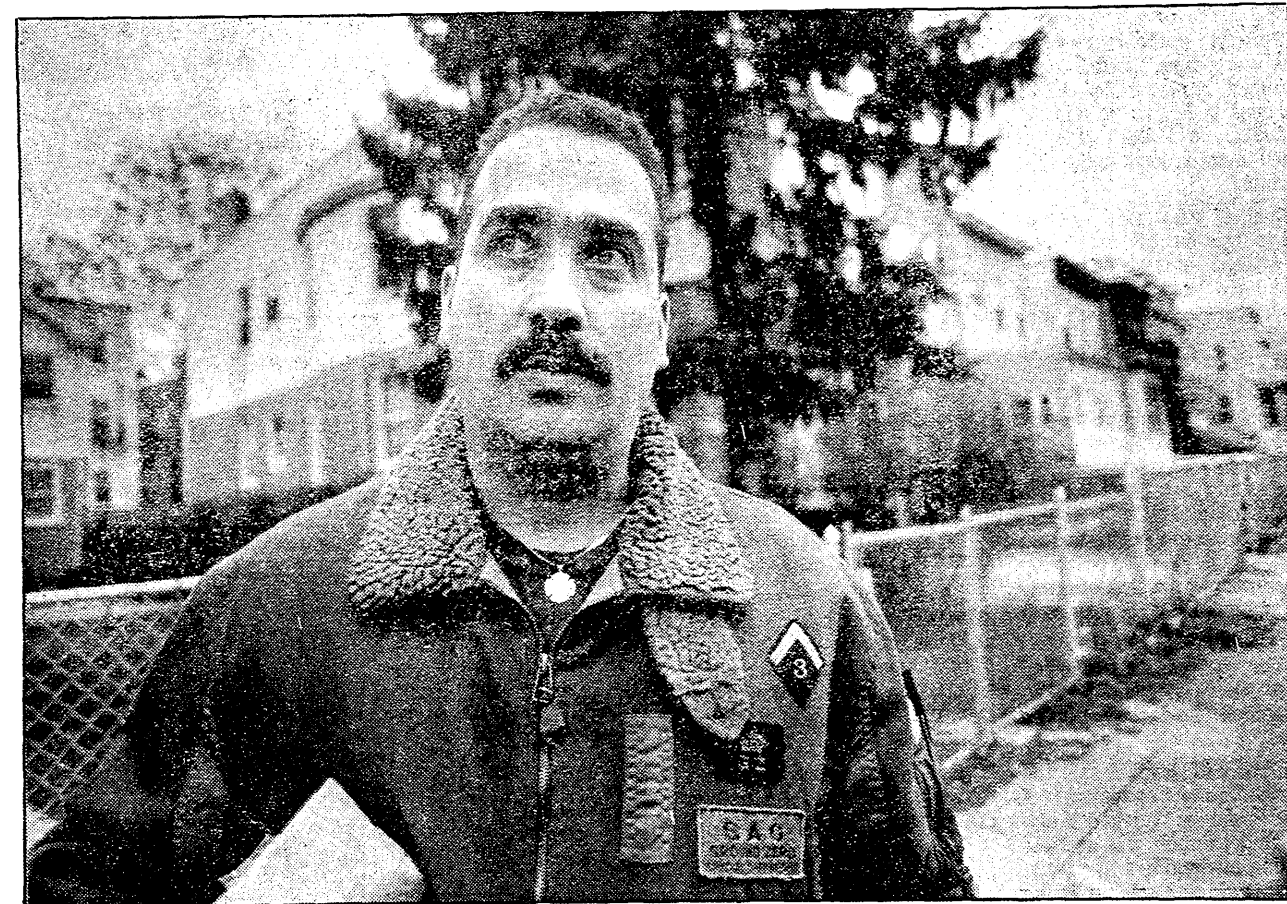
"It's been a difficult time," said another woman who would not give her name. "You hear these negative things, and you don't know what to believe. I've supported him because he grew up here."

One man, who carried a small bag of groceries, was upset.

"Our mayor's day of reckoning has come," said Joe Rivera, of Princeton Avenue, who has run for numerous political offices himself.

"I'm very sad it has to come to this. We gave McCann a second chance. He's the biggest con man I've ever met."

"These are trying times, and we need elected officials who will do us right. You have to use power sparingly, and he has not



Jersey City firefighter Joe Rivera, of Princeton Avenue, expresses no sympathy for McCann as he walks down Winfield Avenue, across the street from McCann's mother's house yesterday.

done that. He has no respect for people. He's very arrogant."

"He's going to leave us with a tremendous mess. We're going to have to work very hard to get back on track."

The children on the block all seemed to know "Gerry." A 17-year-old said he's known the mayor for 11 years, and frequently visited McCann and his

parents on holidays.

"I always liked him," said Danny Podolak, 17. "I feel he's been doing a very good job. But I'm shocked. I really believed he had a chance to get off."

There were neighbors who characterized McCann as a man who got caught up in the rich-get-richer 1980s.

"I'm happy," said one of the

mayor's first neighbors.

"Reality set in on the people who were living the good life."

A man with a cane who was walking his dog called McCann "un-moral."

"He rode a bandwagon that can only happen in the United States, only in New Jersey, only in Jersey City where politics are often beyond words," said the

man who also didn't want his name used.

The man with the cane said yesterday reminded him of the lawless Hague administration days.

"It's an embarrassment," he said.

"Whether we're ever going to get proper people in government, I don't know."

Journal photo by Scott Lituchy

MCCANN VERDICT: GUILTY

Mayor McCann found guilty on 15 out of the 16 charges

Continued from Page 1

dict.

"Mayor McCann's judgment was suspect in a good many matters, but it was not criminal," Boylan said.

McCann was convicted on seven counts of mail fraud, three counts of wire fraud, one count of lying on a bank loan application, two counts of lying to the IRS, one count of evading income taxes and one misdemeanor count of failing to file his 1987 federal tax return.

Although McCann committed two of the crimes while serving as mayor, he was not charged with misusing his public office.

The jury found that McCann misspent most of the \$300,000 investment that he managed in 1986 and 1987 for Southern Floridabanc, a Boca Raton savings association.

Southern Floridabanc invested the money in Historic Equishares Inc., a corporation run by McCann. He was supposed to use the entire \$300,000 to prepare a plan to build a hotel and recreation complex in Liberty State Park.

Instead, the jury found, McCann spent about \$50,000 on the Liberty State Park project, which failed, and secretly diverted the rest to MGT Ventures Inc. McCann was president and part owner of MGT, and Southern Floridabanc had no control over the corporation's activities.

After transferring the money to MGT in what prosecutors called "his idea of a shell game," McCann used it to lease for himself a \$1,000-a-month Mercedes Benz and to buy more than \$7,000 in tickets to hockey and football games, along with a wide variety of other personal

pleasures, the jury found.

To help hide his misuse of the money, McCann had MGT pay his personal credit card bills, which were the subject of four mail fraud convictions. They included \$13,900 for rare coins and stamps and \$9,427 for travel to Florida, Texas and tropical beach resorts in the Caribbean and \$6,255 for restaurant meals.

McCann dodged Southern Floridabanc's repeated attempts to get him to account for his use of the money, and concealed from the savings association his abandonment of the Liberty State Park project, the jury found.

McCann was also convicted for evading income taxes on more than \$15,000 in personal expenses paid for him by MGT in 1986. In testimony at the trial, McCann called the failure to report the income on his 1986 tax return "a mistake." But prosecutors attacked the "mistake" defense by reminding the jury that McCann is a certified public accountant.

To cover up the crimes he committed in 1986 and 1987, McCann lied on the corporate tax returns that he filed last year for MGT and Historic Equishares after learning a federal grand jury was investigating his finances.

McCann admitted in his testimony that he reported \$44,000 in fictitious business expenses on the Historic Equishares returns, but gave no explanation. Prosecutors said McCann created the bogus expenses to make it seem the corporation was run as a legitimate business, when in fact most of its money was winding up in his pocket.

McCann also reported non-

existent loans and salary bonuses from MGT to himself on the MGT returns in an attempt to hide his 1986 tax evasion from the IRS, the jury found.

McCann was also convicted for lying on his May 1986 application for a \$20,000 loan from Midlantic National Bank to help make a down payment on his house in Rutherford. He told Midlantic he was the sole owner of Historic Equishares and pledged its assets as collateral to secure the loan. In fact, Southern Floridabanc owned half of Historic Equishares and never authorized McCann to put its assets at risk to back a personal loan.

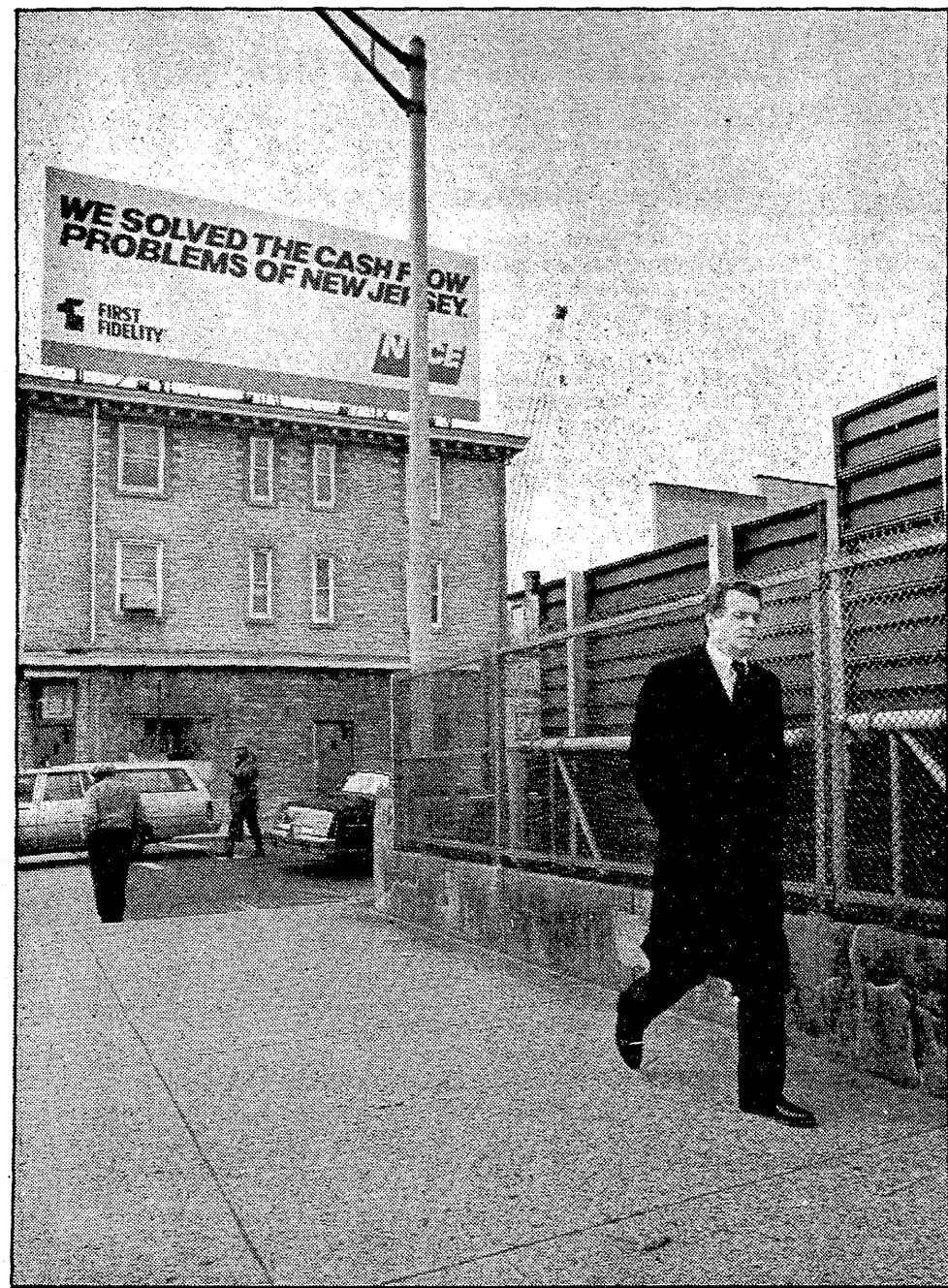
After the announcement of the verdict, Chertoff asked Liffand to order McCann to surrender his passport and report weekly to a probation officer. The judge denied the request for the probation order, but McCann agreed to hand over his passport.

In a press conference outside the courthouse, Chertoff said the conviction does not "bespeak integrity" on McCann's part.

"Character and integrity cannot be taken off like a suit of clothes," Chertoff said. "You either have it or you don't have it."

Referring to McCann's tax crimes, the prosecutor said public officials "ought to have a particular sensitivity to the importance of maintaining the integrity of the tax system."

Chertoff dismissed McCann's frequent public insulting of the FBI and the U.S. Attorney's Office in Newark as "silly," saying he had prosecuted "frankly more dangerous and more intimidating people" who also failed to deter him from pursuing crimes.



Journal photo by Scott Lituchy

Jersey City Mayor Gerald McCann, shown here during a lunch break early in his bank fraud trial, walks along East State Street in Trenton back to the federal court.

Jurors knew they'd vote for conviction as testimony ended

Continued from Page 1

his own attorney to complain about his long-winded testimony.

"I think it was the general feeling that McCann coming on the stand didn't help the case. I'm not sure if it hurt. But it definitely didn't help him. The evidence was overwhelming."

Stephen Kunkel, an alternate juror who heard all the testimony but was excused after closing arguments, agreed that letting McCann testify was not a wise move.

"Nobody wants to stay for three more days," said Kunkel, a product manager for AT&T who lives in Brick. "It was aggravating. So I don't think it helped him. I don't know if it hurt him."

Kunkel, who said he was glad to "get out of there," said he walked away feeling he could have been persuaded by jurors with strong opinions. "But I guess you'd have to grope for some way to find him innocent," said Kunkel.

He said he thought the defense could have presented a better case. "There were a couple of points that I thought (Defense Attorney Matthew Boylan) was going to glob onto, and he didn't," said Kunkel, referring to testimony from bank attorney Sander Mednick. "He just totally ignored it."

"The defense case ended rather abruptly," said Kunkel. "It seemed like there had to be more."

In the end, Kunkel said the "overwhelming collection of things" made it "fairly self-evident that the guy was at least avoiding dealing with the bank. Probably if I had sat in with the jury I would have surmised that he knew what he was doing."

A substantial part of McCann's defense was based on the assertion that he made mistakes and was unsuccessful as a developer, but that that should be no reason to convict him of fraud.

"Sure they were stupid mistakes," said Kunkel. "But like (Assistant Prosecutor Eric) Tunis said, every criminal thinks it's a mistake when they

"I think it was the general feeling that McCann coming on the stand didn't help the case. I'm not sure if it hurt. But it definitely didn't help him. The evidence was overwhelming."

Jury member

get caught."

He added that it was strange that the jury acquitted McCann of the first charge of mail fraud, though they found him guilty of the other 15 counts.

"It strikes me as odd," said Kunkel. "I don't know how they would have arrived at that one."

The juror who wanted to remain anonymous said the tax evasion charges were cut and dried, and it was easy to arrive at a decision.

"You didn't have to be a juror or be really involved in the case to understand it," especially with McCann crossing out "under penalty of perjury" from his tax returns, the juror said.

McCann, during his marathon testimony, called his tax crimes "a stupid mistake."

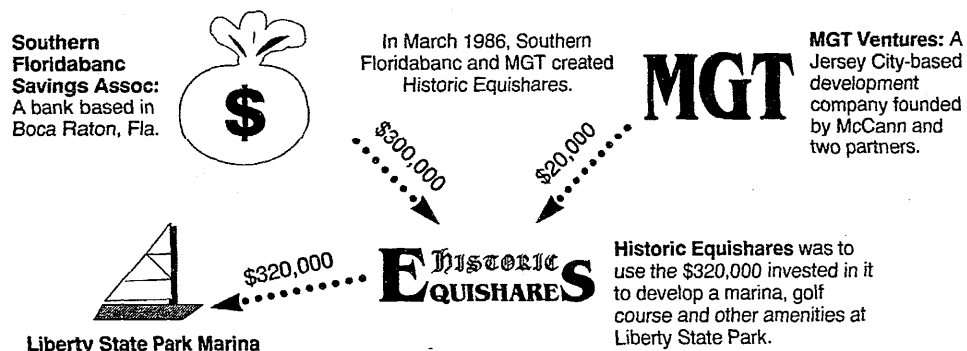
The jurors, relaxed but attentive during most of the trial, became weary and annoyed the last week. Some almost dozed off, and several closed their eyes during particularly boring testimony.

One juror even muttered "This is ridiculous" during one drawn out cross-examination.

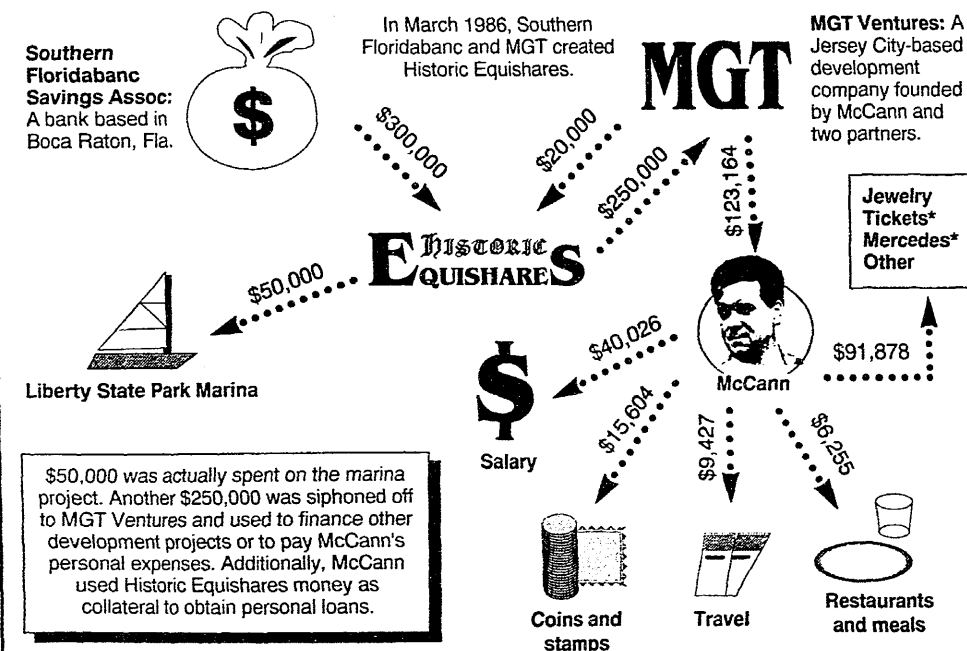
By yesterday afternoon they had made their decision and were eager to get home. Though they were confident of that decision, the juror said they were nervous when entering the courtroom to deliver the verdict.

"Everybody was a little jittery," he said. "It's not a pleasant thing. It's nice to participate in the justice system, but when you're making a decision, whether the person's a prominent figure or an average Joe, you are affecting somebody's life."

Where the money was supposed to go



Where the money went



* These items were paid for directly by MGT. McCann claimed they were legitimate business expenses.

Journal Graphic/Steve Ray



Journal file photo

Mayoral candidate Gerald McCann explains the 1989 city budget proposal of opponent Anthony Cucci.

McCann won't get maximum penalties

By Michael Finnegan
Journal staff writer

TRENTON — Jersey City Mayor Gerald McCann is likely to be sentenced to far less than the maximum penalty of 71 years in prison for his conviction on 15 counts of fraud, income tax evasion and other crimes.

"That's really not realistic," U.S. Attorney Michael Chertoff said of the "theoretical" maximum.

Each of the 14 felonies on which McCann was convicted carry penalties of up to five years in prison, and his misdemeanor conviction exposes him to up to one more year, according to Chertoff.

McCann could also be fined more than \$1 million and ordered to pay restitution of whatever amount of money U.S. District Judge John C. Liffand finds that McCann stole from Southern Floridabanc, a Boca Raton savings association, Chertoff said.

Liffand, who has not scheduled the sentencing, must apply mandatory sentencing guidelines to the crimes McCann committed after Nov. 1, 1987, but can use his own discretion on the ones that occurred before then.

The guidelines will apply to three felonies that McCann was convicted of committing in 1988 and 1990. They will not apply to the other 12 crimes.

To determine what punishment McCann merits on the guidelines counts, the U.S. Probation Department will consider the amount of money he swindled from Southern Floridabanc, his prior criminal record if he has one, as well as other factors.

Chertoff said he would urge Liffand to impose a tough penalty.

"My view has always been that these are serious crimes, and our position is going to be that there should be serious punishment," he said.

When asked about the possibility McCann would be sentenced to 71 years behind bars, Chertoff replied, "I'm not predicting anywhere near that."

He declined to predict what would be a more realistic punishment.

North Hudson
Hoboken
Bergen



THE HUDSON DISPATCH

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State wants McCann out

Feds lack jurisdiction in the matter, but Trenton vows to take all 'steps'

By Michael Finnegan
Journal staff writer

State authorities will take "whatever steps necessary" to oust convicted Mayor Gerald McCann of Jersey City from office if McCann fails to resign before his sentencing for fraud and other crimes, a senior state official said yesterday.

Robert Winter, director of the state Division of Criminal Justice, said McCann "would

Developers still back McCann — Page 4

hopefully remove himself from office."

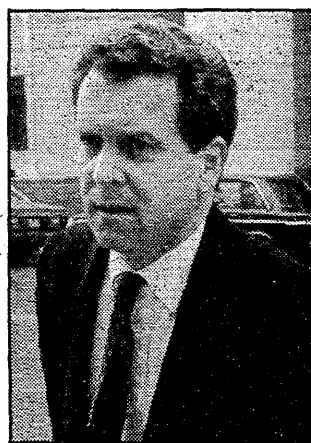
But if McCann tries to remain as mayor after the sentencing, the state will seek a court order enforcing the state law requiring elected officials convicted of serious crimes to forfeit their office, Winter said.

McCann's sentencing has not been scheduled.

A federal jury convicted McCann on Tuesday on 15 counts of mail and wire fraud, income tax evasion, failure to file a tax return and submission of false statements to the IRS and to a federally insured bank.

McCann was found guilty of swindling a Florida savings and loan out of nearly \$300,000 and failing to report more than \$15,000 in taxable income to the

See STATE — Page 4



Mayor Gerald McCann
Pressured to quit

Council can't yet decide on candidate for mayor

By Peter Weiss
Journal staff writer

Jersey City City Council members say they hope they can agree on a new mayor when it becomes necessary to pick one, but they also say there still does not seem to be any particular candidate who can muster majority support.

They also say they've been getting constant phone calls in-

quiring about possible support for various candidates.

If and when McCann does vacate office, as a result of his conviction for bank fraud and tax evasion, the council will have 30 days to agree on a successor who would serve until a special election is held in November. Five council votes are needed to pick an interim mayor.

See COUNCIL — Page 4

Coach benches an athletic stereotype

Varsity team has a woman calling signals

By Keith Sharon
Journal staff writer

HOBOKEN — Warning: The glass ceiling over the high school gymnasium has been shattered. Watch out for falling stereotypes.

Maureen Wendelken broke through the glass ceiling — the barrier that prevents women from rising to positions traditionally held by men — on Nov. 19 when she was named head coach of the boys' varsity basketball team.

According to the Women's Sports Foundation in New York, there were more players on one court at one time (10) than there were women coaching boys' high school teams across the nation last year. Wendelken's appointment raises the number to nine.

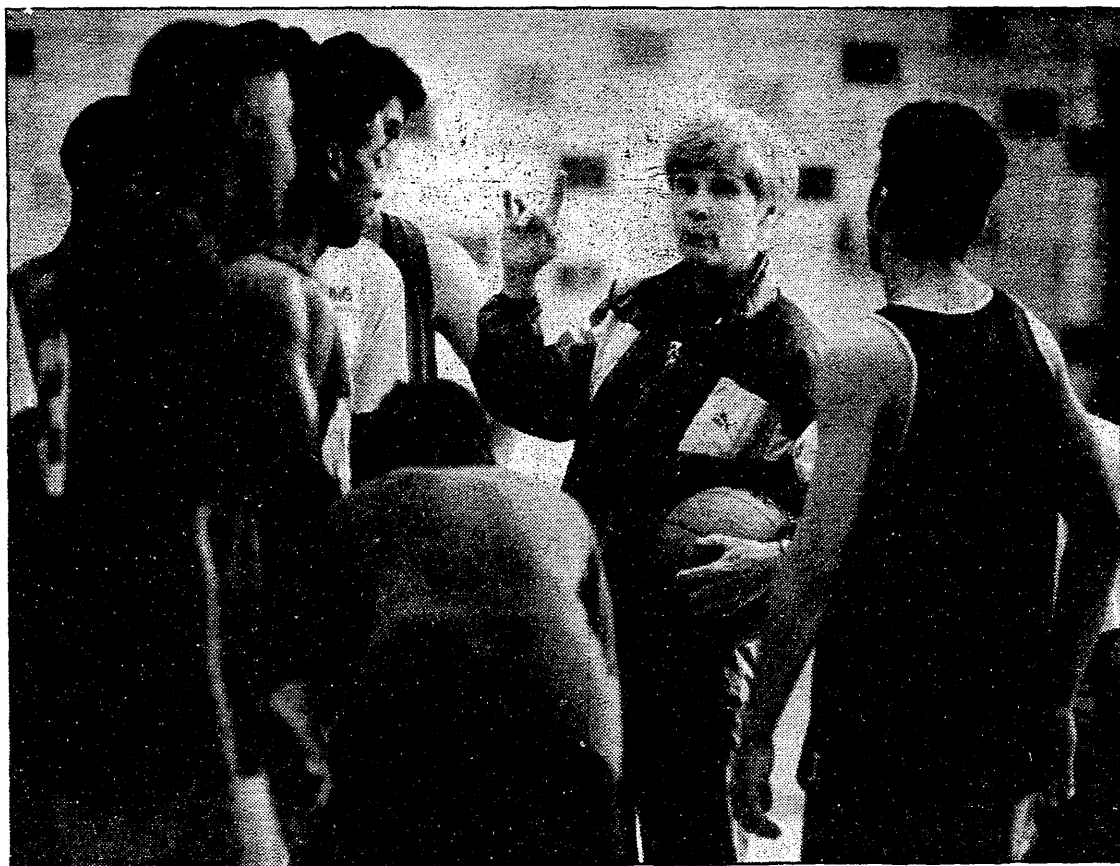
"There are fewer and fewer female role models in sports," said Katherine Reith, communications director at the WSF. "Wendelken's appointment sends the message that women are competent as coaches and competent as leaders in sports."

Wendelken's team will open its season tomorrow in a game at Lincoln High School at 4 p.m.

Despite the rarity of her achievement, Wendelken said she does not feel like a pioneer for women's rights. She said she wouldn't even call herself a feminist.

"I'm a basketball person," she said.

She said she loves coaching clinics, ESPN college games,



Maureen Wendelken, one of only nine women in the country to coach a boys' varsity team, emphasizes a point to her players at Hoboken High School.

the 1-2-1-1 press defense and her husband John Wendelken, who still holds the distinction of being Hoboken's all-time leading scorer. John will be her assistant coach this season.

Wendelken will replace Gene Sparta, who in his 17 years as Hoboken's head coach was as cantankerous as he was successful. Sparta led Hoboken to a 25-3 record last season, raising his career mark to 292-117.

Maureen Wendelken, one of the most celebrated bas-

"They look for attention from me. Sometimes they have working mothers who can't give them the attention at home."

Coach Wendelken

school board, said he was influenced by the coach's "excellent credentials."

ketball players in Hudson County history, was Sparta's assistant for the past two seasons.

Hoboken High School Principal Charles Tortorella, who recommended Wendelken's appointment to the

See WOMAN — Page 4

Lame ducks stuff job slots

Outgoing Dems promote police, fill other positions

By Greg Wilson
Journal staff writer

PALISADES PARK — Outgoing Democrats promoted five police officers and filled a host of other personnel slots at Tuesday's Borough Council meeting, the last before a GOP majority takes control.

The appointments, made without input from department heads, drew criticism from homeowners and Republicans who claim the moves were made to pay back political allies.

In addition to the police promotions, the council voted to scrap the police manual, appointed a construction code official and a recycling coordinator, reappointed the chief financial officer and stacked the Ethics Board with a Democratic majority.

All were approved 4-1, along partisan lines. Republican Paul Albanese did not attend. Durene Buckholz cast the sole dissenting vote.

"What an awful blow to the taxpayers of Palisades Park," Mayor William Maresca said yesterday. "I also feel bad for all the officers with more experience who didn't get promoted. The message to them is that to get promoted, you have to play politics."

Elevated to sergeant were patrolmen Edward Shirley, Michael Sant Anna and Brian Maurer. Michael Paladino was promoted from lieutenant to captain and Michael Vietri from captain to deputy chief.

Outgoing Democrat Jim Rotundo, the council's liaison to the police department, admitted he did not seek the advice of Police Chief Alan Lustmann in making the promotions, but said he determined all were deserving of promotions.

Lustmann did not return repeated phone calls. Palisades Park Homeowners Association President August Keeck, who has maintained the police department is top heavy with 20 superior officers and only 10 patrolmen, was furious that Lustmann was not consulted.

"Who knows more about the department and (knows better) who deserves promotions than the chief?" Keeck said yesterday. "And they don't even talk to him?"

Keeck also said the moves fly in the face of a ballot question overwhelmingly approved Nov. 5

See LAME — Page 4

GM closing 21 plants; Linden workers wary

By Frederick Standish
AP auto writer

DETROIT — General Motors Corp. said yesterday it will close 21 North American plants over the next four years and slash thousands of jobs in a sweeping restructuring of the world's largest company.

The moves are intended to reverse GM's staggering North American losses, estimated by auto analysts to be between \$5 billion and \$6 billion a year, or about \$15 million a day.

"General Motors will run its business in an increasingly lean and responsive manner," GM Chairman Robert C. Stempel said, calling the moves "fundamental changes in the way General Motors does business."

The plant closings include six vehicle assembly plants, four powertrain plants and 11 component plants.

The announcement of a major restructuring provided few answers to concerned New Jersey employees.

See GM — Page 4

Inside

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Today: Sunny, breezy, cold, low to mid 20s
Tonight: Clear and cold. Lows in the low 20s
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Children's center established to help youngsters with developmental ills

By Dan Rosenfeld
Journal staff writer

A 2-year-old boy plays with a toy phone while sucking air through a tube leading to his trachea.

"His father kicked him in the stomach when she was pregnant and she went into labor," said Joanne Morrow, the boy's home-care nurse. "His foot landed right on his (the fetus's) head."

The blow sent his teen-age mother into labor three months prematurely and resulted in severe head trauma for the boy. Two years of special therapy and living with his grandfather has put the child almost on par with his peers.

"He says more and more words every day," Morrow said. "Surgery is scheduled in January and he may be able to breathe on his own."

The Center for Children with Special Needs dedicated yesterday at the Jersey City Medical Center is aimed at helping him and the thousands of other Hudson County children with developmental disorders.

More than 3,500 Hudson County children have developmental disabilities and that number is steadily increasing, said Dr. Harold Perkel, CCSN's pediatric coordinator.

"The number of high-risk infants we have here is incredible," said Dr. Joseph Marcantuo-

See CENTER — Page 4

Council can't agree on mayoral candidate for city

Continued from Page 1

If the council can't agree within 30 days, a special election would probably be held before November.

The person selected should be someone with "a manager's ability and someone who knows the government process," said Journal Square Councilman Joseph Rakowski, a running mate of McCann's three years ago who has called on the mayor to resign. "It should be someone familiar with a budget and someone who has a good relationship with (state government) in Trenton."

Greenville Councilman Vincent Signorile, another McCann ally, said it should be "someone who would be able to bring the city together."

Signorile declined to say whether he thought McCann should try to remain in office. "I think that's something he should discuss with his lawyers," said the councilman, himself an attorney.

U.S. Attorney Michael Chertoff, who prosecuted McCann, has suggested the mayor should voluntarily resign prior to sentencing, although no sentencing date has been set. The state

Attorney General's Office has said it would move to oust McCann if he does not resign before sentencing.

Rakowski, Signorile and other council members said it's too early to have a clear idea which candidate for interim mayor could appeal to a majority of council members.

"Maybe in another week," said Rakowski. "Maybe a week or two weeks," concurred Signorile.

"The consensus of the council is that (McCann) should step down and make a transition smoother," said Downtown Councilman Jaime Vazquez. "I'm hearing that from his people."

Vazquez said he hopes the council can agree on someone politically neutral, "somebody who can grasp the depth and complexity of the problems we face right now... Here it is, three and one-half months past the deadline for adopting a budget, and we haven't done that yet."

Vazquez, a political foe of McCann, urged an agreement that whoever the council picks for interim mayor also become its unanimous choice in the November special election. He

said that would prevent further disruption in city government at least until the next regular election in May 1993.

The regular election at that time, he said, "would be a completely new ball game."

But Rakowski, Signorile and West Side Councilman William O'Dea all had reservations about that suggestion.

Signorile said it would make the interim appointee a lame-duck mayor right away and

bring government to a standstill. He said he has no reservation about supporting an interim appointee who might want to run for the office in the special election or in the regular election.

O'Dea said such an agreement would weaken the political position of council members, since they couldn't stop an outsider from running in the special election.

O'Dea said he and some other council members are

themselves potential candidates and would be foolish to surrender their options now. He said he would prefer an interim mayor who promises not to run in the special election.

"All eight of us are potential candidates," said Rakowski.

Among the non-council possibilities to become interim mayor, the councilmen agreed that Corporation Counsel Harold Ruvolet Jr. appears to be the front-runner, but that he doesn't yet

have enough votes.

Among the other non-council names they said have been proposed are Deputy Mayor Dominick Pugliese, former county Democratic Chairman Bernard Hartnett Jr., Housing Authority Director Robert Rigby, and Peter Murphy, president of the Hudson County Chamber of Commerce and Industry and a candidate for mayor two years ago.

State officials look for mayor to resign

Continued from Page 1

IRS. The jury found McCann covered up his crimes by reporting bogus expenses on tax returns he filed last year after learning the FBI was investigating his misuse of the money he took from the savings and loan.

McCann, who plans to appeal, has denied wrongdoing, saying the savings and loan, Southern Floridabanc, allowed him to pay himself a \$5,000 monthly salary from the \$300,000 real estate investment he managed for the thrift. He called the irregularities in his tax returns "mistakes."

State law requires public officials convicted of crimes as serious as the ones McCann committed to forfeit their office upon sentencing, unless ordered by a court to step down sooner.

Winter said the state considers the law

to be "self-executing," but will take court action to remove McCann if he refuses to resign.

McCann, reached yesterday at his apartment at Port Liberte, hung up on a reporter seeking comment. His attorney, Matthew P. Boylan, said he talked to McCann yesterday, and the mayor still had no intention of stepping down from his \$62,000-a-year job.

U.S. Attorney Michael Chertoff, who prosecuted the mayor, said Tuesday that McCann "ought to consider in his own conscience" whether his resignation would serve Jersey City's interests since he has been convicted of multiple felonies. Federal authorities have no jurisdiction to seek McCann's ouster, Chertoff said.

McCann was not charged with misusing his public office.

At his sentencing, McCann faces a

maximum penalty of 71 years in prison and more than \$1 million in fines, according to Chertoff. He said he would seek substantial punishment, but predicted McCann's sentence would be far less than 71 years of incarceration.

McCann, who is a certified public accountant, could also face disciplinary action by the state Board of Accountancy.

John J. Meade, executive director of the board, said investigators from the agency's enforcement bureau will check the Trenton federal court's file on the McCann trial after the sentencing. After reviewing the case, he said, the board can impose a range of sanctions if warranted: a reprimand, education in proper accounting procedures, a fine, or license suspension or revocation.

McCann's CPA license is valid until September 1993.

Developers boosting McCann despite rap

By Bill Campbell
Journal staff writer

Mayor Gerald McCann may soon be gone, but he won't be forgotten by one of his biggest fan clubs — Jersey City's development community.

Developers were generally sympathetic to McCann — who was convicted Tuesday on federal fraud and tax charges — saying he was among the city's best boosters and partly responsible for some of the biggest real estate deals.

One even said he was considering writing the judge who presided over the trial on McCann's behalf.

"When it came to development and promoting Jersey City, Gerald McCann was the locomotive who drove the train," said Paul Bucha, president of Port Liberte Partners.

"He was Jersey City's best salesman," said Charles Simberg, CEO of the Harborside Financial Center. "He reeked of talent. The whole episode is really very sad."

Said an out-of-state developer who asked not to be identified: "As far as I'm concerned, McCann is the city."

McCann was convicted of defrauding a defunct Florida savings and loan of \$267,000 from a \$300,000 investment intended to prepare plans to develop a marina at Liberty State Park. The crimes occurred between McCann's two terms as mayor.

Despite his own failure as a developer, McCann is widely credited for initiating and fostering the city's real estate boom during his first term as mayor from 1981 to 1985. He was re-elected on a pro-development platform in 1989.

"I was driving across the West Side Highway recently and looked across the Hudson at the skyline and nothing has real-

ly changed over the years except for Jersey City," Bucha said. "Much of that change has to do with McCann's efforts and that will be sorely missed."

During the 1980s, some six million square feet of office space was developed along the city's waterfront, according to statistics compiled by Cushman & Wakefield. And despite a regional market slump, more than 2.1 million square feet has been leased since 1989, the firm reports.

Developers, brokers and office tenants credit McCann with playing a central role in attracting and retaining business in Jersey City. McCann appears in a 20-minute video produced by PSE&G promoting office relocation to Jersey City.

Early last summer, McCann attended a trade conference in Taiwan in an attempt to convince foreign investors to build a hotel on the waterfront.

In June, McCann took center stage with Gov. Jim Florio to welcome the American Institute of Certified Public Accountants to the Harborside Financial Center. The trade group and other dignitaries credited McCann with helping to cement the deal, which brought 600 jobs to Jersey City.

"Gerry essentially became part of the sales force, meeting with tenants which makes them feel good about the city," said Simberg. "He made that extra effort."

Simberg said he is considering writing to U.S. District Judge John C. Lifland, a Jersey City native, who presided over the trial.

"The issue is not whether he'll go to jail, but to tell what McCann did for the city and the state. It's just too bad he tried to live above his means," he said.

City council shifts meeting

Citing the uncertainty caused by Tuesday's fraud conviction of Jersey City Mayor Gerald McCann, last night's meeting of the City Council was postponed until Monday.

Council President Marilyn Roman said Business Administrator Fred Tomkins, Corporation Counsel Harold Ruvolet and City Clerk Robert Byrne proposed the delay.

Greenville Councilman Vincent Signorile, who showed up at City Hall last night, said he would have proceeded with the meeting. West Side Councilman William O'Dea, an administration opponent, said he also had no objection to holding the meeting last night but understood why his colleagues aligned with the administration would want to postpone it.

Journal Square Councilman Joseph Rakowski said he agreed with the decision to postpone.

Roman said the mayor has not indicated that he will propose last-minute measures as his grip on the mayoralty wanes. McCann could not be reached for comment.

Following his loss of the mayoralty to Anthony Cucci in

1985, McCann appeared at a council meeting before he left office and rammed through a series of measures — including appointments to boards and commissions.

— Earl Morgan

GM closing 21 plants; Linden workers wary

Continued from Page 1

Guy Messina, shop chairman of United Auto Workers Local 595, was optimistic about what affect the consolidation would have on GM's Linden assembly plant.

"We watched the teleconference and in between the lines, we could see our plant, which is a truck plant, is not going to be affected," Messina said.

But a spokeswoman for GM subsidiary Inland Fisher Guide,

which employs more than 2,300 people making auto parts in Ewing, said Stempel gave the division a mandate to consolidate.

Patricia Malloy said Inland Fisher Guide makes parts such as seat adjusters, door handles and body moldings in Ewing and similar "body hardware" in Flint, Mich., and Columbus, Ohio.

"At current levels, we only need two plants making body hardware," she said. "But we're

not looking at it in terms of closing. We're looking at consolidating."

She had no further details and said no timetable had been set.

Messina said the closures Stempel did mention all pertained to auto assembly, and the Linden plant has been closed since September to retool to build trucks and sport-utility vehicles. Stempel also said he was not canceling future projects.

Stempel said GM's capital spending will be cut in 1992 and 1993, but that this will not reduce the company's ability "to achieve and maintain a strong position in the marketplace."

In addition to the plant closings, the company will accelerate a white-collar job reduction program that eliminated 6,000 jobs this year. An additional 9,400 salaried jobs are to be eliminated in 1992 through attrition and early-retirement.

Lame-duck Dems fill posts before departing

Continued from Page 1

that asked voters if they preferred cuts in service instead of increased taxes. But Democrat Bernard Star denied Keeck's assertion.

"Jim Rotundo proposed a list. The names were known to me as very capable, commendable people," Star said. "Anyway, these are promotions, not new hirings. So there's no conflict."

The council also named three Democrats, two independents and one Republican

to the Ethics Board. Local ordinance says no more than three members of one party may be appointed to the board.

Joseph Ferguson was appointed recycling inspector, a post that pays \$10,000 per year. The job was previously performed by Department of Public Works foreman Richard Shy, who made an extra \$2,000 for the recycling duties, according to DPW Superintendent James Burns. Burns said he was not consulted about Ferguson's appointment.

The council also named Frank Pollotta as a \$12,000-per-year construction code official and reappointed Joseph Iannaconi Jr. as the borough's \$15,000-per-year chief financial officer.

Keeck, who claimed Democrats proposed the resolutions after last week's work session to squelch opposition from homeowners, said his group has a long memory.

"We will remain non-partisan, but we won't forget how each person voted," Keeck said.

Center tries to help children at high risk

Continued from Page 1

no, CCSN director.

JCMC officials said 89.9 percent of the children born at the hospital are high-risk babies. Of those, 50 percent will have some kind of development disability, Marcantunono said. Hospital officials estimated that just 15 percent of the babies born there in 1980 fit into a high-risk group.

The disabilities range from hyperactivity to mental retardation, autism and spinal cord injuries. In many cases, mothers using drugs and alcohol are to blame, but more often it's a more chronic problem.

"What we're seeing is really the effects of poverty," Marcantunono said. "Poor nutrition, not being able to get the proper prenatal care or not even knowing she's pregnant until the second trimester."

Health officials contend that Hudson County's children are in a state of crisis.

Until the Center opened last year, most of the children in need of help had to go to Essex or Bergen Counties.

"We're trying to find these kids and minimize the problem they will have as dropouts or juvenile delinquents," said Dr. Sophie Pierog, JCMC director of pediatrics.

Still, the Center's 28-person staff can only effectively treat 500 children a year. The children receive physical, speech and other types of therapy and also work with psychologists.

"Practically every child in our program is in need of psychotherapeutic treatment," Perkel said.

The JCMC is paying for 80 percent of the Center costs, which is on the 11th Floor of the Clinic Building, with the state and county picking up the remainder.

Perkel had run a similar program at the Jewish Rehabilitation Center and then came over to the JCMC. One of his pa-

tients, a 9-year-old boy wearing a nicely pressed suit, smiled at Perkel whenever he walked by.

The boy's mother praised Perkel and the Center for making life easier and more fulfilling.

"This child would not sit down for a minute," his mother said. "It hasn't been easy, but now he's not a problem."

"I had a lot of trouble with the (Jersey City) school system," she added. "The school just wanted to label him emotionally disturbed."

Perkel recognized he had a communication disability and was not emotionally disturbed. The child now attends the Learning Center in Paramus and all are amazed at his progress.

"We're putting brain-injured children who have been mis-diagnosed and classified into classes and you're expecting teachers to handle them," Marcantunono said. "That isn't going to work."

Woman coach puts boys through their paces on court

Continued from Page 1

Wendelken's 16 seasons as the girls' coach at the Holy Family Academy were highlighted by a state title and a 44-game winning streak. She also coached the Montclair State College women's team to a 152-62 record during seasons.

"Maureen and Gene are in the same league," Tortorella said. "They're both class A coaches."

The same league, maybe, but altogether different worlds.

"Last year, I was the bad guy, and she was the good guy," said Sparta. "I was the bad de-

fective, and the players would cry on her shoulder."

The players said they feel comfortable talking with Wendelken.

"If we have a problem at home or at school, you can talk to her," said Curtis Lane, a senior guard. "I'm happy that she's here."

Wendelken's coaching strength, she and her husband agreed, is preparation. She knows which defense to employ at which time, which offense will exploit which weakness.

But, she said, as a head coach she finds herself concerned about un-coach-like things.

"I tell the players, 'Make sure you bring another shirt because it's cold outside.' 'Did you eat a good breakfast?'" said Wendelken, who has no children of her own. "They look for attention from me. Sometimes they have working mothers who can't give them the attention at home."

Sparta said he thinks the Wendelkens will be successful coaches, but he is not certain how the players will respond to a woman in a leadership position.

"Most of the kids when they're growing up, it's always a man dealing with them," Sparta

said. "How much difference it's going to be? Only time will tell."

Time is already telling. At a recent practice, the players ran wind sprints from baseline to baseline at the end of a three-hour session. When one player flopped on the floor and, with a smile, faked exhaustion, Wendelken played right along.

"Get out of the way," Wendelken yelled. "If you're going to collapse, get off the court."

During practice, John Wendelken wears a whistle. Maureen doesn't need one. When one player is out of position on defense, she grabs him by the shoulders and moves him to the spot where he should be.

She doesn't scream, but still seems to get the attention from every player.

"If you don't have the discipline, the players run the practice," she said. "I don't yell as much as some. I want to be fair."


She doesn't want her presence in the boys' locker room, where coaches often discuss strategy with their teams, to become an issue.

"John will go in the locker room with the kids," she said. "When they get dressed, I'll go in."

Locker room doors are thicker than glass ceilings.

REAL ESTATE

Expanded section debuts today
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BAYONNE TIMES EDITION

■ Cloisters trip inspires illuminated manuscripts by BHS students Page 2

■ Businessman wants Evelyn Frank forced out of firm they own jointly Page 3

SPORTS FINAL

Ewing, Jackson help Knicks shoot down Rockets
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THE JERSEY JOURNAL

125th Year — No. 241 ★ ***

Friday, February 7, 1992

35¢ Home Delivery — \$1.45 weekly

Judge denies McCann a new trial

By Michael Finnegan
Journal staff writer

Refuses request to overturn mail fraud, tax conviction

Jersey City real estate deal, pocketing much of the money for personal enjoyment. The jury also found McCann evaded income taxes on some of the stolen money, and covered up his misconduct by lying to the IRS on five fraudulent tax returns.

After dismissing all of McCann's arguments for a new trial or dismissal

See JUDGE — Page 4

TRENTON — A federal judge yesterday denied the request of convicted Mayor Gerald McCann of Jersey City for a new bank fraud trial.

U.S. District Court Judge John C. Lifland also refused to grant McCann's request to overturn his conviction on charges of mail fraud and lying on his income tax returns.

The setbacks for McCann in federal court came on the eve of a state court hearing on a move by New Jersey Attorney General Robert J. Del Tufo to have him thrown out of office.

McCann must appear today at 9 a.m. before state Superior Court Judge Arthur N. D'Italia in Jersey City to show why he should not be forced to resign under a state law mandating forfeiture of office by public officials convicted of crimes "of dishonesty."

McCann was convicted Dec. 17 on 15 federal charges of wire and mail fraud, income tax evasion and other crimes. He has not spoken to the press since the verdict, but has filed court papers saying he should not have to resign.

Lifland's rulings yesterday affirmed the conviction. The jury found that he swindled a Florida savings and loan out of its \$300,000 investment in a

Statistics on work are bleak

Government report said to be masking job crisis

By Robert A. Rankin
Knight-Ridder Newspapers

WASHINGTON — The government is expected to report today that 7.1 percent of the workforce was unemployed in January, a number unchanged from December.

That stable rate masks a job crisis that will hold unemployment stubbornly high for years to come, experts say, because this recession is fundamentally different from any other since World War II.

Last year, one in every five American workers was unemployed at some point — 25 million people, almost 20 percent of the workforce — according to the Conference Board, a leading business research center in New York.

One in every four U.S. households today includes someone who was unemployed in 1991. Those who lose their jobs take six months on average to find another. And, when they do find work, 45 percent earn less money than before, Conference Board surveys show.

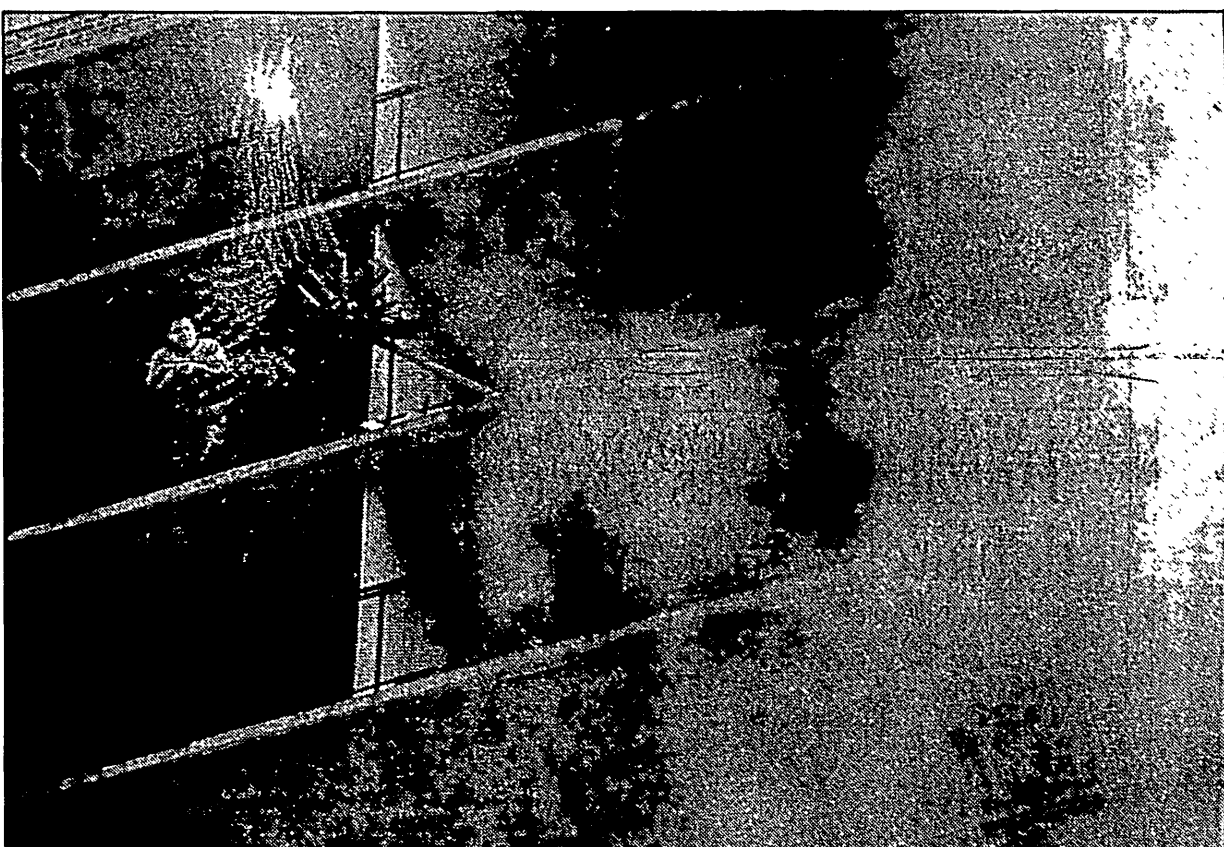
On the face of it, the current 7.1 percent rate is far below the peak jobless rates registered in the two worst post-World War II recessions — 10.8 percent in November 1982, and 9 percent in May 1975.

Officially, 8.9 million Americans were unemployed at the end of 1991. But add the 6.3 million workers holding part-time jobs because that's all they can find, throw in the 1.1 million too discouraged to look for work, and the most-comprehensive "official" jobless total rises to 16.3 million Americans. That's 10.4 percent, according to the Bureau of Labor Statistics.

The comparable figure at the height of the 1982 recession was 15.4 percent. So that recession still appears worse.

But today's recession is different, and the recovery from it

Fire in Jersey City highrise



A resident of 280 Henderson St. in Downtown Jersey City watches from his smoke-shrouded balcony as firefighters douse a two-alarm blaze a few floors below him in the Gregory Park housing complex. Story on Page 4.

Journal photo by Don McCoy

Break mulled on taxes

Council to vote on an extension

By Peter Benedict
Journal staff writer

Bayonne taxpayers would get a 28-day extension for paying their first-quarter taxes under a resolution advanced yesterday by the City Council at its caucus session.

The council is set to vote on the extension when it meets Tuesday at 8 p.m. in City Hall. It may also approve funds for several community projects and contracts for an insurance administrator and photo equipment.

If the tax delay resolution passes, taxpayers will have until Feb. 28 to pay their bills for the first three months of 1992. The current deadline, which passed Saturday, is Feb. 1.

"Because the tax bills were mailed out late, we're extending the deadline," explained city Finance Director Terrence Malloy.

Malloy said that even if the council approves the extension, taxpayers who pay their first-quarter taxes after Feb. 28 would be subject to an interest penalty for every day after Feb. 1, the original due date.

The bills were finally put in the mail on Jan. 24 when they should have been in the mail in October, city officials said.

There was a delay because the bills, and the May 1 bills sent with them, could not be printed until the state approved a complex new computer program required by the city's switchover to the state fiscal year.

The program is complex because the three parts of the city's overall tax rate, the city, county and schools portions, are based on budgets with different fiscal calendars which make the rate subject to change twice

Jersey City-Kearny UEZ plan assailed

By Steven Kalcanides
Journal staff writer

Several Hudson County municipalities have joined forces to block Jersey City and Kearny from halving their sales tax, a move which officials from the seven cities say would unfairly harm their shopping districts.

Mayors and representatives from Secaucus, West New York, Hoboken, Union City and North Bergen attended a powwow sponsored by Bayonne's mayor to organize against the 50 percent tax break. The break is scheduled to go into effect in shopping districts in Orange and

Bayonne, leading battle, calls move to cut sales tax unfair and harmful

Bayonne, leading battle, calls move to cut sales tax unfair and harmful

is already in place in Elizabeth.

"We're not here to try to knock the other cities. We're just here to be competitive with them," said Bayonne Mayor Richard Rutkowski, whose administration last month urged the governor to expand the number of UEZs in hopes of including Bayonne.

There are approximately a dozen UEZs statewide. The zones are generally granted to municipalities in need of finan-

in other cities worry will adversely impact on their shopping districts.

Gov. Jim Florio pocket-vetoed legislation last month that would have expanded the number of UEZs in the state from 10 to 18. Bayonne was among the cities that hoped to get a UEZ under the expansion.

State Sen. Edward O'Connor, D-Jersey City/Bayonne, said yesterday he has reintroduced the legislation on Bayonne's behalf.

Officials attending the Rutkowski meeting yesterday said

Such towns are also eligible to lower sales tax in retail shopping districts — a benefit Jersey City and Kearny only recently sought and may soon receive.

The sales tax break would be extended to such retail areas as Jersey City's Newport Centre mall, an advantage that officials

More AIDS aid for Hudson

By Dan Rosenfeld
Journal staff writer

Hudson County AIDS services will receive 30 percent more federal funds to fight the disease than last year, but some health officials say it will fall far short of what is needed to keep existing programs running.

Congress yesterday allocated \$1.15 million to Hudson in the first segment of Ryan White grants, which were named after the youth whose battle against AIDS gained national attention.

"We just came off our massive meeting yesterday and we came to the conclusion that Hudson County needs much more money," said Nancy Scerbo, of the Hyacinth Foundation, the state's largest private AIDS care provider.

Hudson needs \$2 million in Ryan White money to maintain current AIDS

U.S. funds to rise 30%, but may fall far short

services, said Carol Ann Wilson, county director of Human Services and the AIDS Consortium. Consortium members estimated that \$2.9 million in Ryan White money is needed to meet the growing caseload.


AIDS Consortium members include such groups as FAITH Services, Christ Hospital and St. Clare's Home for Children. No state grants help fund the consortium, which runs programs ranging from home nursing and meal delivery to case management and bereavement counseling, said Wilson.

Nutrition programs for homeless people with AIDS and rent subsidies for families with AIDS are two areas which

See HUDSON — Page 4

Inside

WEATHER:



Today: Increasing clouds. Mid to upper 30s.

Tonight: Continued cloudiness. Low in the 20s.

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Milestone: All sides agree health system needs fixing

By Mike Feinsilber
Associated Press writer

WASHINGTON — The country reached a turning point yesterday: A president and his rivals in the opposition party were agreed that

the government has an obligation to assure health care for its citizens.

That doesn't necessarily mean universal health care is coming soon.

One expert who has studied the evolution of the issue for years, Joshua M. Wiener, predicted that achieving the goal will still be an issue in the presidential campaign — of 1996.

Nonetheless, President Bush's Cleveland speech endorsing subsidized health insurance marks an important moment.

"This is the first time that the president of the United States, his party, and the leaders of the opposition party are

saying health care is a problem that has to be addressed by the nation," said Philip S. Birnbaum, who teaches health administration at the George Washington University Medical Center. "Now the debate evolves from shall we do it to what is it we shall do."

See MILESTONE — Page 4

News Analysis

Mayors assail UEZ tax cuts for Jersey City, Kearny

Continued from Page 1

a sales tax cut in Jersey City and Kearny would have dire consequences for their municipalities.

"I believe that a tax exemption is unfair competition and I believe (that argument) will hold up in court," said Hudson County Freeholder Samuel Kaye, a Bayonne merchant.

"I think this whole UEZ legislation should be reviewed by the Legislature," he said, suggesting that a study examine whether UEZs have a negative impact on non-UEZ municipalities.

Secaucus Mayor Anthony Just, who attended the conference, said the proposed sales tax cut for Jersey City's UEZ could negatively impact on Jersey City residents who work in Secaucus.

Just called Secaucus a "shopping town" that employs many Jersey City residents. If the Secaucus economy suffers, so will the Jersey City residents who work in Secaucus, he said.

Also attending yesterday's meeting with Rutkowski were Nicholas Goldsack, the Hoboken finance director;

Patti McGuire, representing state Sen. and Union City Mayor Robert Menendez; Joseph Auriemma, finance manager of North Bergen; and a representative of West New York Mayor Anthony DeFino.

The officials agreed to attend personally or send representatives to the Feb. 19 meeting of the state UEZ Authority board, which is expected to approve the sales tax cuts for the four UEZs.

Jersey City West Side Councilman William O'Dea said yesterday several

city businessmen will meet Wednesday to organize support for the tax cut application. He said a contingent will also attend the Feb. 19 UEZ meeting.

"We all supported the bill that Gov. Florio vetoed," said O'Dea. "It wasn't our fault that he vetoed it. We don't think it's fair for the other mayors to now oppose us."

O'Dea said the city's UEZ status has helped many businesses, and any funds collected as a result of the sales tax cuts will go primarily toward in-

creasing police foot patrols to keep business districts safe for shoppers.

The Bayonne conference also drew Linden City Clerk Val Imbriaco, representing Linden Mayor John Gregorio.

"This pulls the rug out from Linden," he said. "The UEZ places an unfair burden on our business zone."

Imbriaco said he understands Rose- lle has applied for UEZ status, which would leave Linden locked in on both sides by communities that can charge half the sales tax to shoppers.

Council mulls tax extension

Continued from Page 1

a year.

The county works on a calendar year, Jan. 1 through Dec. 31, while the schools follow the July 1-June 30 state fiscal year. The state last year required the city to switch over to its fiscal year.

But what makes the calculations more complex is that the state has not yet adopted legislation to synchronize the school and city tax procedures, so the schools portion of taxes must still be treated as though the city has a calendar-budget year.

To take all these factors into account, the city Tax Collector's office needed to re-program its computers to be able to calculate future tax rate changes. These new computer programs had to be approved by the state.

In fact, the first-quarter bills were also delayed because the Hudson County Board of Taxation struck the city's new semi-annual tax rate on Nov. 25, almost four months late.

On Tuesday, the council will also vote on renewing a contract with Continental Loss Adjusting Services Inc., not to exceed \$26,250, to administer the city's Self-Insured, Auto/General Liability and Workers' Compensation funds through June. The contract is shorter this year because the city is trying on its new fiscal year.



A resident of the Gregory Park residential complex in Downtown Jersey City holds her son as she watches her building burn from a safe distance. No injuries were reported.

Fire damages high-rise apartment

A two-alarm fire damaged a Downtown Jersey City high-rise yesterday afternoon, but there were no injuries reported, according to fire officials.

The fire was confined to one apartment on the 12th floor of Gregory Park Towers I at 280 Henderson St., said Deputy Chief Dennis O'Neal. The blaze, reported at 12:26 p.m., was extinguished in less than 30 minutes.

The cause of the blaze is still under investigation but it appears to have started in the living room area, O'Neal said. None of the other 21 floors of the building was damaged by the fire.

The Gregory Park Towers are a pair of 22-story buildings between Montgomery and Henderson streets in the shadow of City Hall. Building II was not affected.

Hudson to get more AIDS assistance from U.S.

Continued from Page 1

could be trimmed, Scerbo said. Case managers routinely have 100 clients.

"We're putting in a second application for supplemental money right now," Wilson said. "We have more people coming in than we did a year ago."

Supplemental grant money could increase federal funding to the \$2 million goal, officials said.

New Jersey has more than 6 percent of the nation's AIDS cases including 2,086 Hudson residents with AIDS. Fifty-five percent of state residents with AIDS contracted the virus from intravenous drug use, but heterosexual transmission of virus is the fastest growing means of infection, according to the state Department of Health.

Irene Jessie Hunt, Jersey City AIDS Task Force coordinator, said little money is available to educate hard-to-reach groups

like county jail inmates, who are particularly at risk.

"We have to address some of the needs of that population because it's not a long-term facility," Hunt said. "That will be one of the areas that perhaps can't be met."

Hudson County became eligible for Ryan White money only after Sen. Frank Lautenberg and Rep. Frank Guarini pried the county into the legislation. Two new cities were added to Ryan White emergency list this year, Guarini said.

"Our county has the second highest incidence of AIDS in the country and so needs more help," he said.

Carl Sigmon, a member of the Governor's AIDS Advisory Council and the AIDS Coalition to Unleash Power, criticized the state Department of Health for not helping make up for Ryan White shortfalls.

"They've collapsed everything with the

word AIDS into it into Ryan White," Scerbo said.

Wilson said successes are also creating additional funding difficulties.

"We're enabling clients to live and stay healthier longer," she said. "But there wasn't the funding to expand health service."

The county was fortunate enough to qualify for another federal grant to increase AIDS care last year, officials said.

The Jersey City Medical Center was forced to stop accepting new clients twice because of the burgeoning caseload. Again this year, funds will have to be shuttled to primary areas of concern like food and shelter.

"Things like bereavement services have to take a back seat," Scerbo said. "We're not talking about frills here. These are survival needs."

Unchanged figures masking a job crisis in U.S.

Continued from Page 1

will be painfully different too, analysts say. Those differences explain why today's job insecurities seem so much greater than official numbers justify.

Unlike all previous post-war recessions, most jobs lost today

are not temporary layoffs. Most are gone forever, experts note.

Many industries today are not going through a typical short downturn in the business cycle. Rather, many are restructuring themselves top to bottom to shed debt, to adjust to a new era

of low defense spending and to meet tougher competition in the global marketplace of the 1990s.

"This presents an entirely different prospect to the dismissed employee — the challenge of, perhaps, a new career with a new employer in a new industry. This chilling prospect is largely responsible for the depressed state of consumer confidence," said Merrill Lynch economist Donald H. Straszheim in recent congressional testimony.

In most recessions, unemployment mainly hits blue-collar factory workers, most of whom are laid off only temporarily. This time is different. This recession is hitting white-collar workers more heavily than any since the Great Depression of the 1930s.

"In this recession, job losses are spread throughout every industry," said Audrey Freedman, labor economist for the Conference Board.

Judge denies McCann new bank fraud trial

Continued from Page 1

of two of the guilty verdicts, Lifland said he would inform D'I- talia of his rulings "for whatever he wishes to make of it."

"As a matter of courtesy, I'll keep him posted," Lifland said.

Attorneys for McCann, who did not attend the three-hour hearing yesterday in federal court, tried to persuade Lifland that prosecutorial misconduct and judicial error denied the mayor his right to a fair trial. But Lifland found no improper conduct by prosecutors and denied that he made incorrect rulings.

McCann's attorneys accused prosecutors of trying to "stone- wall" them from calling Robert V. Gibbs, former chairman of the defrauded savings and loan, Southern Floridabanc, as a witness. In his testimony at the trial, McCann claimed that Gibbs approved of the way he used Southern Floridabanc's

\$300,000.

U.S. Attorney Michael Cher- toff offered during the trial to grant Gibbs immunity from prosecution if McCann wanted him to testify in his defense, but McCann declined the offer. Lifland found that McCann was free to call Gibbs as a witness and the government made no attempt to block him from doing so.

McCann's sentencing has not been scheduled, but Chertoff said it could occur by the end of the month. McCann could be sentenced to as much as 71 years in prison and fined more than \$1 million.

McCann's lead attorney, Mat- thew P. Boylan, said McCann's appeal may be handled by former Chief Judge John J. Gibbons of the U.S. 3rd Circuit Court of Appeals. Boylan said he and McCann plan to meet Monday morning with Gibbons to discuss the case.

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Valentine's Day gifts can be sheer delight

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■ **Haitian-Americans protest refugees' forced return**

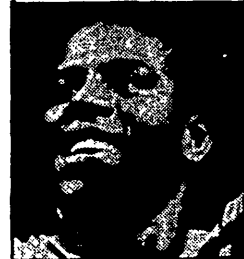
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■ **Israel signals willingness to curtail settlements**

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Magic set to take final bow at NBA All-Star Game

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THE JERSEY JOURNAL

125th Year — No. 242 ★ ***

Saturday, February 8, 1992

35¢

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JUDGE HALTS McCANN OUSTER

McCann fills 21 key jobs

Ex-banker Murphy, Demellier head list

By Michael Finnegan
Journal staff writer

Less than an hour after convicted Mayor Gerald McCann of Jersey City won temporary reprieve from a court order forcing him out of office yesterday, he appointed 21 people to serve on municipal boards that control millions of dollars in public funds.

One of the appointees is Peter Murphy, a former bank officer who approved McCann's fraudulent \$20,000 loan to help pay for the mayor's house in Rutherford, according to testimony at McCann's bank fraud trial. There was no evidence that Murphy knew of the fraud that McCann pulled off to get the loan.

Another appointee is Harold "Bud" Demellier, McCann's chief of staff.

None of the 22 appointments are subject to City Council approval.

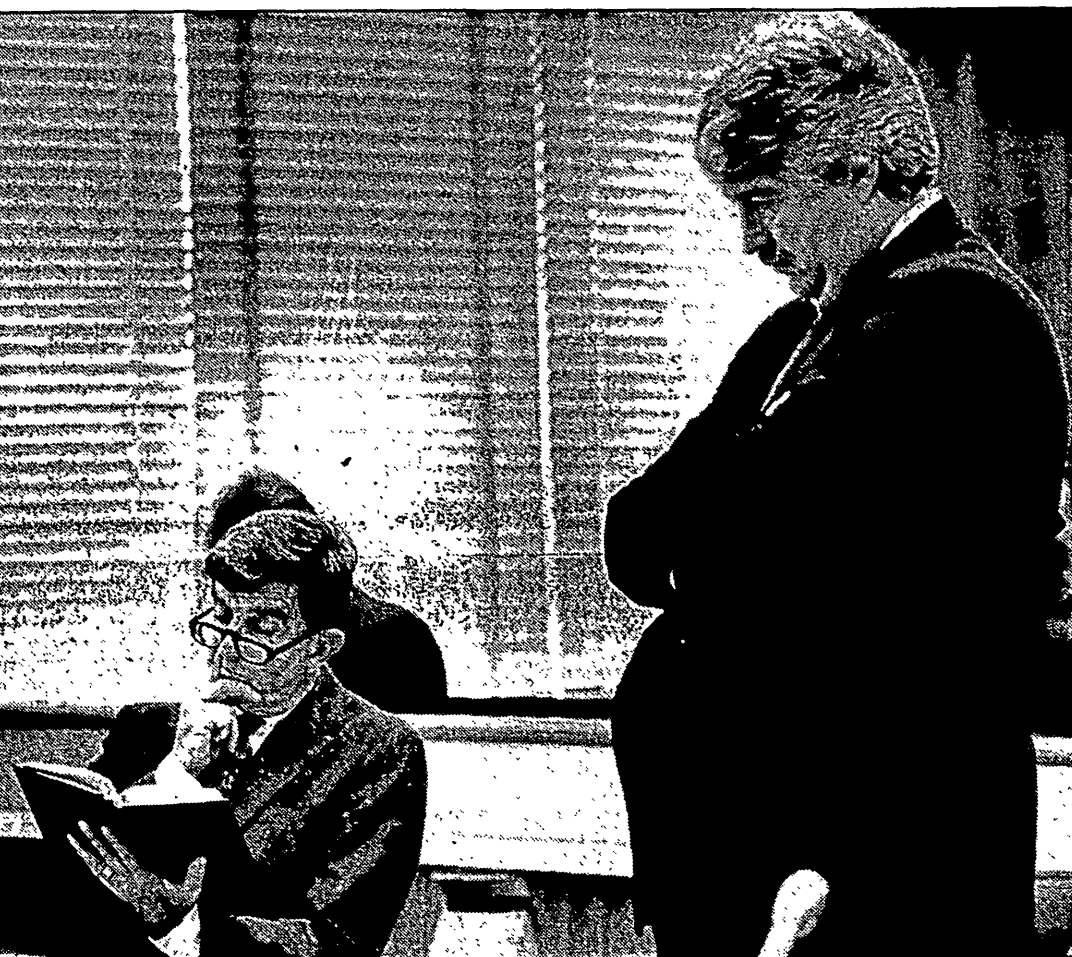
McCann's letters of appointment are dated from Jan. 21 to Feb. 5, but they were all filed at the City Clerk's Office yesterday between 3:15 and 3:50 p.m.

McCann's 22 friends and allies would control public spending, hiring and policy at the the Planning Board, Zoning Board of Adjustment, Redevelopment Agency, Economic Development Corporation, Parking Authority, Environmental Commission, Human Rights Commission, Library Board, Assessment Commission and the Construction Board of Appeals.

Councilman Bill O'Dea, a McCann foe, said the City Council may go to court to rescind the appointments.

McCann appointed Demellier to serve on the Library

See MCCANN — Page 6



Matthew Boylan, left, attorney for Gerald McCann, checks a state law book as he and Assistant State Attorney General Richard Carley wait in Superior Court in Jersey City.

Picking mayor no easy task

The City Council of Jersey City is one giant step closer to the time it must formally begin to consider picking a new mayor. But the council is no closer to deciding who it will be.

That might have started today, but for an appellate court delay in implementing the ouster of Mayor Gerald McCann.

A lower court judge yesterday ordered McCann, convicted in December of bank fraud, mail fraud and tax evasion, to leave office by 4 p.m. yesterday. The Appellate

Political Whirl



Police Officer Joe Roselle carries boxes of Jersey City Mayor Gerald McCann's "personal belongings" out of city hall yesterday.

First judge says get out, second grants a reprieve

By John Petrick
and Dan Rosenfeld
Journal staff writers

A state judge ordered Jersey City Mayor Gerald McCann to step down yesterday because of his federal bank fraud and tax evasion convictions, but an appeals judge gave him a reprieve until Tuesday.

Appellate Division Judge Sylvia Pressler said the state Attorney General's bid to oust McCann, who is battling to keep the position he lost in 1985 and was reelected to in 1989, deserved the attention of a three-judge appeals panel. She set a hearing for 9:30 a.m. Tuesday in Morristown.

Pressler, sitting in Hackensack, stayed Superior Court Judge Arthur D'Italia's order that McCann vacate his office by 4 p.m.

D'Italia, ruling in Jersey City a day after a federal judge denied McCann's request for a new trial, said the "spectacle" of a convicted criminal at the municipal helm is a disservice to the public and "no longer advances any interests but his own."

"The public's interest is not served during the period of uncertainty which results when a convicted and thereby mortally wounded — in a political sense — government official remains in office as a kind of lame duck," D'Italia said of McCann's refusal to give up City Hall.

As moves intensify to remove him, McCann late yesterday made 21 appointments to various city agencies and boards. He lost all control of the City Council earlier this week when the legislators, in an unprecedented move, unanimously overturned two of his vetoes.

It took the judge only 10 minutes to mull over the brief legal arguments set forth by Deputy Attorney General Richard Carley and McCann's attorney Matthew Boylan.

Attorney General Robert Del Tufo filed legal papers to have McCann ousted before his sentencing date, which has yet to be set. Del Tufo said he filed the action to have McCann removed because it "could wait no longer."

See JUDGE — Page 6

Destitute patients fight cancer, system

By Jacquee Petchel
Knight-Ridder Newspapers

Richard Brown, destitute and disenchanted, didn't get help for cancer until the disease had destroyed his throat, left his voice a listless whisper.

Desperate, he went to Miami's health clinic for the homeless because he couldn't take the pain.

He found out he was dying.

"I've been living on the streets, no money. I didn't think any doctor would help me," said Brown, 55, from his makeshift bed on a rotting mattress under

a Miami Metrorail station. "Sometimes, I wish I wouldn't wake up in the morning. I want to die so I don't have to live like this."

Nowhere is the crisis in health care more profound than in the battle against cancer.

From Connecticut to California, Nevada to New Hampshire, millions of sick Americans live in poverty or survive on paltry paychecks without health insurance.

For them, a diagnosis of cancer — even a curable cancer — is often a death sentence.

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Inside

WEATHER:



Today: Cloudy, chance of snow. Low to mid 30s
Tonight: Cloudy, chance of snow, windy, low 20s
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Texaco to begin demolishing last buildings at Bayonne site

By Steven Kalcanides
Journal staff writer

Texaco Corporation, which began a phaseout of its Bayonne operations eight years ago, is expected to begin demolishing buildings at its First Street site in March. Only nine workers will remain at the facility.

Of the 13 workers now at the Texaco site, three will be transferred on March 1 to a South Carolina terminal and one will be leaving for a new job with another company, said Texaco spokesman Top Ingram.

Prior to 1984, when Texaco had announced it was leaving Bayonne, the company employed more than 200 people at its facility, which is now being cleaned up in anticipation of being sold at a future date.

The company in 1984 gave pink slips to 183

workers, 60 of them Bayonne residents. Since then, the workforce at Texaco has been reduced to skeletal proportions.

Company officials said in 1984 the phaseout was because of economics, adding the Bayonne plant had not been "competitively effective" for some time.

Ingram said the remaining nine employees will supervise the demolition work — expected to begin in early March — to raze the buildings that remain on the site. Smaller structures went down earlier.

Ingram said no gasoline or petroleum products are currently sold from the Bayonne facility, which still has a number of tanks left from its days as an oil and gasoline terminal on the tip of the Bayonne peninsula.

See TEXACO — Page 6

Bush's health solution: Just stop getting sick

By Terence Hunt
AP White House correspondent

Bemoaning runaway medical costs, President Bush yesterday lectured Americans to stay healthier by exercising more, drinking less, eating right and avoiding drugs and risky sex.

"Let's change the behavior that costs society tens of billions — this is no exaggeration — tens of billions of dollars in lost earnings and productivity, treatment-related programs, accidents and certainly crime," the president said in a speech to the Rotary Club.

Bush offered his "old-fashioned" prescription for good health as a followup to his \$100 billion proposal of tax credits and deductions to help poor and middle-class Americans buy medical care.

The health-care plan, which he announced Thursday in Cleveland, filled a missing page in Bush's re-election campaign book and will become a major theme of his bid for second term. But critics complained that he did not reveal how he would pay for his expensive program and that it did not do enough to control spiraling health care costs.

Politics was on Bush's mind Friday as he toured the Logan Heights Family Health Center, a federally funded facility that

serves the city's poor. He told children outside he would formally announce his re-election effort next week.

Gesturing toward reporters nearby, he told the youngsters, "Don't tell them, next Tuesday, you watch, it's the big announcement." Actually, White House officials said the announcement probably would come on Wednesday when Bush campaigns in New Hampshire.

Underscoring the health needs of the poor, one young mother at the clinic told reporters she had no money for health insurance and had to wait until the eighth month of her pregnancy to qualify for government help. "I'm for socialized medicine," Marcia Simmons told reporters.

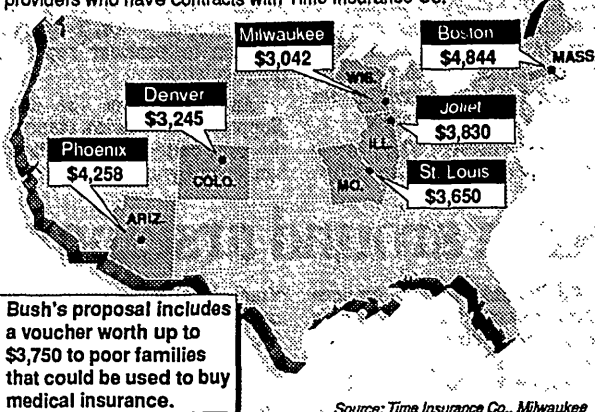
But Bush made clear to his Rotary Club audience that he wouldn't accept anything that smacked of nationalized medicine, as proposed by some Democrats.

"Instead of a better health care system, they demand a nationalized health system," Bush said, his voice rising. "Very candidly, I want to call it what it is — that means a socialized system."

"Let me tell you straight: I will not allow those people to give America a prescription for failure. I am going to fight a nationalized, socialized medicine approach for this country."

Health Costs

Here are the annual premiums for a basic medical policy for a family of four. The policy includes a \$500 deductible and will pay 80 percent of approved doctor and hospital charges. Each covers 100 percent of hospital charges, after the deductible is met, if the insured uses providers who have contracts with Time Insurance Co.



Bush said Americans spend too much on health care: \$800 billion a year.

A lot of problems, including many cases of AIDS, could be prevented by changes in personal behavior, Bush said.

"If you exercise and eat right and don't smoke or abuse drugs and drink less and avoid risky sexual behavior, you'll live longer and America will live better," Bush said.

"Maybe I am a little old-fashioned," he said, "but I believe personal responsibility has a lot to do with making America a better country."

On another prevention front, Bush said the nation needs to do a better job in immunizing children against diseases such as mumps, measles and rubella.

Immunization rates at two years of age are only 50 percent in many states and as low as 10 percent in some inner cities, the president said.

"We need to change that and I am determined that we will," he said.

Bush also got applause by calling for changes in medical malpractice litigation. "We got too many lawsuits out there. ... I don't want to get in trouble with the Bar Association, but I once quoted to someone that line, 'An apple a day keeps the doctor away.' He says, 'What works for lawyers?'"

After his speech, Bush flew back to Washington for a week-end at the presidential retreat at Camp David.

Texaco set to raze First Street facility

Continued from Page 1

Bayonne Environmental Health Specialist James Monkowski, who worked for Texaco from 1975 until 1985, said the company has been in Bayonne since at least 1915.

Monkowski worked for the company as a laborer, warehouse worker and as an employee of the bulk oil department, he said. "It's going to be tough watching them leave because they've been a big part of Bayonne," he said.

Texaco began its cleanup work under the federal Environmental Cleanup Responsibility Act (ECRA) several months ago and demolished a number of buildings at the former Pirelli Cable property, said Monkowski.

A number of tanks and main buildings still remain on the site, he said.

Texaco has built a slurry wall on the site to keep any possibly tainted groundwater from seeping into the Kill Van Kull or Newark Bay, he said. The company will be investigating possible groundwater contamination.

Monkowski said the company's ECRA plan has been approved by the state Department of Environmental Protection

and Energy and the company has posted a financial guarantee to conduct a cleanup.

"I don't see any problem at all that it can be developed" once the ECRA cleanup has been completed, Monkowski said of the vast tracts of Texaco property. It could not be determined how long the cleanup would take.

In 1989, a condominium developer was considering developing land on the Texaco property, just a few blocks from the site of a controversial waterfront development plan that appears to have been put on hold.

Although the real estate market has been in a slump for a few years, the expected improvement in the market over the next few years could mean a building boom on the Texaco land once it is sold.

In the past, planning consultants and developers have said the Texaco property would be an ideal spot for a waterfront residential development because of its expanse of otherwise undeveloped land and its location.

McCann taps Murphy, Demellier, 19 others

Continued from Page 1

Board until Dec. 31, 1996. He also approved an appointment by Demellier, who is the city's emergency management coordinator, of mayoral aide Frances Smarzo to serve as Demellier's deputy coordinator.

Murphy was appointed to serve until May 12 on the Economic Development Corporation, which spends nearly \$1 million a year in federal urban renewal funds funneled through the city government.

Murphy, who is director of the Hudson County Chamber of Commerce, is a former vice president of Midlantic National Bank North, which lent McCann the \$20,000 in 1986. Glen Greten, an assistant vice president at the Journal Square branch of Midlantic, testified in November that McCann did not qualify for the loan.

But McCann, after learning of the negative results of his credit check, told Greten he would discuss the matter with his superior, Murphy, who

agreed to lend McCann the money if he could come up with collateral to secure the loan.

McCann's collateral turned out to be a \$20,000 certificate of deposit that he did not own and had no right to put at risk, prompting the jury at his trial to convict him on a bank fraud charge. Greten did not indicate in his testimony whether Murphy knew McCann lied on his loan application, and Murphy could not be reached yesterday for comment.

In addition to his unilateral appointments, on Thursday McCann requested a special meeting of the City Council to approve 17 other appointments that are subject to council approval.

Those McCann appointees would serve as Municipal Court judges and as board trustees at the city Incinerator Authority, Sewerage Authority, Rent Leveling Board, Alcoholic Beverage Control Board, Redevelopment Agency and Health Care Corporation. The special council meeting has not been scheduled.

Destitute patients fight cancer, system

Continued from Page 1

In Colusa, Calif., ranch hand Walt Seaver lost his health insurance while his 8-year-old daughter Emma battled leukemia, a cancer of the blood. For weeks, two California hospitals refused to do a life-saving bone marrow transplant because the Seavers didn't have the money.

Concerned neighbors raised it for them. Eventually, Emma got her transplant. Earlier treatment might have saved her. Four weeks after the transplant she died.

"Life wasn't a new car or a new house for us. Life was waking up in the morning with Emma still breathing," Seaver says today, more than a year later. "I'm still trying to change

the system. People are dying as it exists today.

"For God's sake, we lost our child."

From her home in Aspen, Colo., Barbara Johnstone traveled 10 hours by bus each week to a Denver public hospital to get chemotherapy for breast cancer. The trip made her sick, but she had nowhere else to go. A seamstress, she lost her job. She plummeted into poverty. The cancer eventually spread to her bones.

"It makes you feel like giving up. Instead of battling the disease, I'm battling the whole system trying to figure out what I can do," said Johnstone. "Cancer has devastated my life. I know I'll die of cancer. But I'm

not afraid of dying as much as I'm afraid of being helpless, not having money, not having control."

Twenty years ago, President Richard Nixon declared a "War on Cancer." Congress passed the National Cancer Act. Over the last two decades, billions of dollars have been pumped into cancer research. Many cancers have been converted from terminal illnesses into manageable, long-term ailments.

But most of the technology has benefited those who can afford it. For them, there is greater hope, an open door to state-of-the-art treatments.

For others, there is an endless cycle of despair.

That cycle, experts agree,

will only be broken through national health care reform, which promises to be pivotal in the upcoming Congress and the 1992 presidential campaign. At issue will be how to change America's medical system so that it provides more accessible, affordable care for all.

"We fought the war from the laboratories. We haven't fought the war from the ground," said Dr. Harold Freeman, a cancer doctor at Harlem Hospital in New York City and former president of the American Cancer Society. "We need the technology so that it helps all people. We haven't reached all our neighborhoods. We haven't reached all of America."

Instead, the poor and the working class face frustration in getting medical help.

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Last minute appointees

| | | | | | |
|---|---|--|--|---|---|
| Anthony DeVito 11 College Drive Jersey City Assessment Commission | Construction Board of Appeals Louis Galka 378 Fair Ave. Jersey City Construction Board of Appeals | John Sasso 141 Webster Ave. Jersey City Environmental Commission | Jersey City Parking Authority 221 or 217 Warren St. Jersey City Board of Adjustment of the City of Jersey City | Barbara Brominski 221 or 217 Warren St. Jersey City Board of Adjustment of the City of Jersey City | Jersey City Planning Board Arlene Dear 31 Kensington Ave. Jersey City Alternate on the Jersey City Public Library Board of Trustees |
| Alexander Cap 19 Norcroft Road Jersey City Board of Adjustments | Peter Murphy 351 Fairmount Ave. Jersey City Economic Development Corporation | Renee DeFazio 275 Union St. Jersey City Human Rights Commission | Jersey City Library Board Louis Coccaro 78a Jordan Ave. Jersey City Board of Adjustment of the City of Jersey City | Louis Coccaro 78a Jordan Ave. Jersey City Board of Adjustment of the City of Jersey City | Dawn E. Chiorazi 75 Riverview Drive Jersey City Board of Adjustment of the City of Jersey City |
| Joseph Macola 45 Beacon Ave. Jersey City Construction Board of Appeals | Salvatore Riggi 110 Beacon Ave. Jersey City Chairman of the Environmental Commission | Theodore Baranko 314 Fourth St. Jersey City Human Rights Commission | Raymond P. Cellaw 321 Slegman Parkway Jersey City Assessment Commission | Raymond P. Cellaw 321 Slegman Parkway Jersey City Assessment Commission | William L. Brominski 221 Warren St. Jersey City |
| Michael Smarzo 908 Suburbia Drive Jersey City | William DeNoble 982 West Side Ave. | The Rev. Willie Wilson 227 Pacific Ave. Jersey City City Planning Board | | | Sandra K. Zuhli 154 Kensington Ave. Jersey City Human Rights Commission |

Judge Pressler orders halt to McCann ouster until Tuesday

Continued from Page 1

Though McCann was convicted in federal court, removal of elected municipal officials falls under state law, officials said.

McCann, who has developed a reputation as an outspoken and brazen politician since he won his first elected office in 1977 as the Greenville councilman, has remained uncharacteristically silent and out of the public eye in recent weeks.

He and his aides maintained that silence yesterday as they dodged the news media in City Hall and removed approximately a dozen boxes of what they said were McCann's personal belongings.

McCann was convicted Dec. 17 of 15 federal offenses, including mail, wire and bank fraud, tax evasion, making false statements to the Internal Revenue Service and failure to file personal income tax returns. He was acquitted of one count of mail fraud.

The charges stemmed from McCann's joint venture in 1986 and 1987 with a Florida savings and loan company to bid on a marina planned for the Jersey City waterfront. The thrift invested \$300,000.

U.S. Attorney Michael Chertoff argued that McCann embezzled at least \$267,000 from the savings and loan and spent it on a Mercedes-Benz, jewelry, clothing, \$15,000 in collectible stamps and coins, \$7,000 in tickets for sports events and credit card payments.

"Mayor McCann's continued retention of office no longer serves to advance any interests but his own," D'Italia said. He added that the public interest is not advanced by "the spectacle of one who holds a pre-eminent position" continuing to run a city when convicted of offenses "which bespeak a lack of integrity inconsistent with the public trust."

Carley argued that McCann's crimes fit the state's description of those that deserve ouster upon conviction. Boylan argued, however, that the law gives only the trial judge authority to oust an official prior to sentencing.

He also argued that in other cases, public officials have been allowed to remain until they are sentenced. He cited the case of former Union City Mayor William Musto, convicted in 1982 of racketeering. Musto remained both mayor and a state senator until he was sentenced by a federal judge.

D'Italia ruled that McCann's forfeiture would become automatic upon sentencing and there was no reason to wait for the inevitable.

Pressler will be joined Tuesday on a three-judge panel by Judges Thomas F. Shebell Jr. and William M. D'Annunzio during a 9:30 a.m. hearing scheduled in Morristown. Pressler directed the attorneys to file briefs by 2 p.m. Monday.

Boylan and Carley said they expect the appellate panel to quickly decide whether the state court can remove McCann.

"We hope to be able to give you a decision on the stay very shortly after the arguments," Pressler said after the hearing. "It's a very tough schedule, but the public and Mayor McCann deserve our full attention."

Pressler asked Carley to justify the immediate removal of McCann who was convicted more than six weeks ago.

"We still have a sitting official in Jersey City the chief executive officer who was convicted," Carley said.

But Pressler questioned what difference three more days would make, and granted Boylan's request.

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In Our Opinion

Desperate last days in office

Gerald McCann remains Jersey City mayor until at least Tuesday, pending his appeal of a judicial decision yesterday that would have ousted him from the office. What this means is that McCann will be hanging onto the mayoralty by the proverbial skin of his teeth, rather than accepting a judge's ruling that he should leave.

His administration appears headed for an ungraceful end. The federal court conviction that led to McCann's ouster hurt the image of the city, and remaining in office any longer only adds to the damage to that image.

McCann has resisted repeated advice to resign for the good of the city. Instead, the mayor seems to be clinging with unseemly, single-minded desperation to hold onto some power for himself and close supporters.

That can be seen in the report yesterday of more than a score of mayoral appointments to the boards of various autonomous agencies.

Such a slew of appointments in the waning days of a troubled administration looks like a disgraceful attempt to find some way to hold onto vestiges of power and patronage even after the courts finally throw McCann out of the office he won less than three years ago.

Mark Russell says

The media is at it again: "Could you tell us the exact date and time of the covert action to finish off Saddam Hussein?"

It's a dilemma for the White House — do they knock off Saddam for the New Hampshire primary or do they save him for Super Tuesday?

In Your Opinion

For job gains, we must help create capital

We expect fanatical Democrats, socialists, labor unions and the like to espouse left wing rote. That's how they were bred; that's what they're trained for.

But it's just too much when my own hometown paper crowns the Americans for Democratic Action platform, right in their lead headline. You shout "Bush's tax cuts, help the rich the most" (Jan. 30). Seems like you don't understand how a capitalist system works, how it creates jobs.

Who is really helped the most: an already rich guy who picks up a couple of thousand dollars or an unemployed guy who picks up a job? Which one had the greater percentage gain? And how else do we create jobs?

Capital creation is the way we make jobs in America. And the only other system died last month.

HARRY A. AUGENBLICK
Port Liberte
Jersey City

Performance like in Verdi's day

The next family opera in Schuetzen Park Theater will be Rigoletto by Giuseppe Verdi on Sunday Feb. 9 at 3 p.m., accompanied by the 33-piece Family Opera Orchestra, conducted by John Cuozzo.

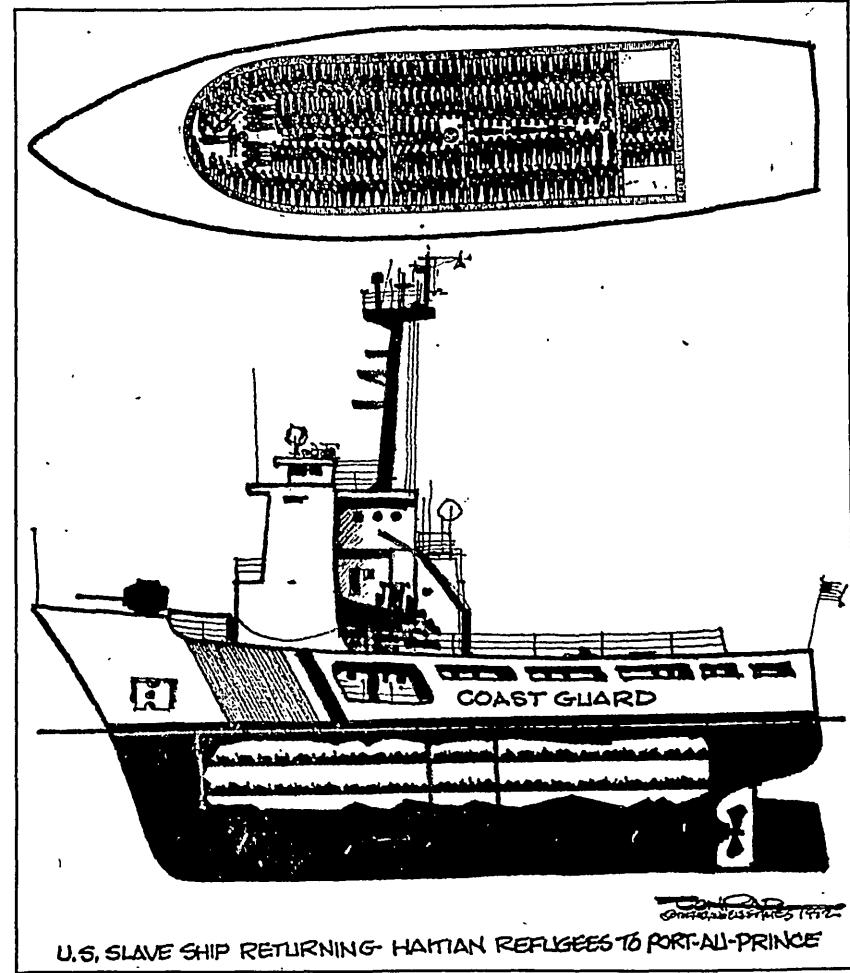
Since Schuetzen Park has limited stage facilities, and no amplification, the music comes off like it did in Verdi's time. The limited stage facilities of Schuetzen Park having the social atmosphere of a meeting place, people often start talking during a performance because they forget they're not looking at TV. When everyone quiets down, and Peter Squitieri begins singing, you can hear a pin drop and you almost feel you're back in the days of the old Met.

With free parking, a piece of cake and coffee and a great performance for \$6 to enjoy live music, you can't go wrong.

THEODORE CONRAD
Jersey City

Huge payrolls a big problem

As a long-suffering Union City taxpayer, I wanted to re-



spond to comments which appeared in The Jersey Journal in reference to the opening of a new Day Care Center in our community.

I have the highest opinion in regards to the job performance of Director Dana Berry. However, I severely question a statement that our Mayor Robert Menendez deeply cares about the children and families of Union City.

One only has to take a look throughout our community to witness the dirty areas, the crime, along with the poor physical condition of our schools and other public buildings.

The number one problem in Union City is the outrageous number of individuals who are currently on our municipal and school board payrolls.

It would make a lot more sense for our hard-earned tax money to be used to improve the outside environment in Union City for the sake of our children instead of maintaining an excessive number of unnecessary positions, many of which are held by non-residents of Union City who don't spend their paychecks among our local merchants.

One can only hope that someday the elected officials in Union City will realize that we residents demand respon-

sible government . . . not a monarchy.

TOM REGAN
Union City

Puffy political promotional pap

The deficit is huge, the economy is dead, unemployment is rising, and what is my congressman doing? I found out when I looked through my mail the other day, and mixed in with the bills and advertisements was a "newsletter" from Congressman G.

My congressman and senator and their staff are busy writing puffy promotional literature and taxpayers are paying for this garbage.

It is called "Constituent Service Newsletter," but it isn't, it is direct-mail advertising promoting the re-election of the party at hand. No one gets any benefit from this type of junk-mail — except the congressman.

Any congressman or senator who cannot recognize congressional junk mail as waste has no business being in the U.S. House of Representatives or the U.S. Senate.

FRANK DESTEFANO JR.
Jersey City Heights

Council must reduce spending

Warning: To All City Council Members: Everyone is watching how you vote. No raises, no extra pay. For everyone — cops, firemen, etc. — there should be no promotions, because people are losing their homes and can't pay their taxes.

A SENIOR CITIZEN
Jersey City

Battle the video pirates

The home movie rental and sales industry is being victimized by video villains. Fraudulent video clubs are supplied with movies still running in local theatres.

It's a wonder to me how bootleg street-corner video merchants are able to avoid criminal arrest and judicial prosecution. Where are the federal agencies?

Let's put an end to the stealing of these films. Let's get the dealers off the streets. Putt the bootleg barbarian out of business. Do it now!

BILLY DETROY
Jersey City

Thank You

Cali gave much time to aid people

For the past four years I've had the pleasure of serving with a great many people in Hudson County government.

Of all the people I have worked with, no one was more dedicated to his job, more willing to help people, or more fun to be with than Jack Cali, our recently deceased Public Safety director.

I wish more people could have personally known Jack Cali and been aware of the tremendous amount of time he gave to the people of Hudson County.

How many other people would cook giant pots of food in their own house so that inmates in the county jail would occasionally have some homemade food? And how many other people would visit the jail on weekends and holidays (at no extra pay) to say encouraging words to both employees and inmates?

My deepest sympathies go out to the Cali family for letting Jack share so much of his time, his sense of humor and his smiles with us here. Jack Cali's unique personal warmth won't be forgotten.

JOSEPH J. LAURO
outgoing chief
of staff to the
Hudson County Executive

Alighieri Society shows generosity

The principal, faculty and students of Holy Rosary School, Jersey City, wish to thank Leonard Comes, chaplain of the Dante Alighieri Society of Jersey City, for visiting us at the school this past Christmas as Santa Claus. We also wish to extend special thanks to the Dante Alighieri Society and Mr. Comes for their generosity in supplying the children and the staff with ice cream, juice and a gift for all.

SISTER ANNE
LOUISE ABASCAL
Holy Rosary School
Jersey City

Write to us

Any prospective In Your Opinion letter should include the writer's name, address and daytime telephone number, for verification purposes.

Welfare is said to be like slavery

In 1863, President Abraham Lincoln's Emancipation Proclamation freed slaves in the Confederate states. Nearly 130 years later the descendant of a family granted freedom has put forth an emancipation attempt to end a "system of entrapment . . . recipients who felt enslaved by welfare."

The remarks came from testimony by Assemblyman Wayne Bryant, D-Camden, explaining his "welfare reform" laws that caught the election-year eye of President George Bush.

Bryant testified Feb. 3 on Capitol Hill before the Senate Subcommittee on Social Security and Family Policy.

Bryant declared his law "empowers people with real tools — dignity, self-sufficiency and confidence — to reverse the vicious cycle of poverty and welfare dependency."

Remarkably, Bryant's program even inspired Gov. Jim Florio to praise President Bush and Budget Director Richard Darman at a Feb. 3 White House meeting.

Promised Darman, "Under the President's leadership you will see a discernible and prompt change" through accelerated federal waivers to allow the fledgling laws to take root initially in Hudson, Essex and Camden counties on July 1.

"I'm very pleased," responded Florio, who called the conversations "an exciting and encouraging step."

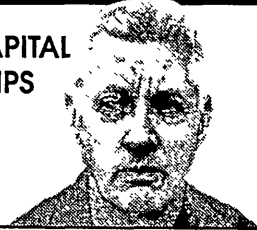
Bryant scalded the welfare system he seeks to change as a "system of entrapment that condones complacency and passiveness and robs individuals of dignity and self-respect."

Guided "by my experiences with recipients who felt enslaved by welfare," Bryant credited his "primary inspiration" to those who struggled furiously for a way out.

His reforms, Bryant continued, seek to reunite the fragmented wel-

JOSEPH ALBRIGHT

CAPITAL CLIPS



fare family.

"We will begin by fortifying the family by eliminating financial disincentives" built into the system, he explained.

Eligible rules, Bryant complained, created a "sub-society" of "invisible men" who fear if they make their presence known the mother and children would be at risk of losing benefits.

The same system, Bryant argued, penalized family unity by reducing welfare grants by 30 percent when both natural parents are married and at home.

The cornerstone of reform, he enthused, is the Family Development Initiative Act establishing educational and vocational training as a condition for welfare, and directing the state to craft assistance tailored to family needs, such as child care services, tutoring and substance abuse counseling.

In return, recipient families are asked to meet terms of contracts that requires them to work toward an educational or vocational goal; if they break the contract, they risk a 20 percent benefit loss.

Bryant defended the most controversial provision denying AFDC benefits to women who have additional children, a \$64 monthly penalty. Critics have threatened a court challenge.

But Bryant countered, "Life is about decisions, and decisions often revolve around the family."

"A middle-class wage earner does not go to his boss to say 'I'm having another child, so I'm entitled to a raise.'"

"There is nothing wrong with instilling a responsible work ethic value in 'poor people' as they become better educated," he said.

Council members hopeful they can pick a mayor

Continued from Page 1

Division later said he can stay in office until Tuesday morning, when it will hear his appeal of yesterday's lower court decision.

All council members contacted yesterday said they hope they can agree on an interim mayor. But they also admitted they're as far away as ever from agreeing on who it should be. At least they have a few more days, maybe longer, to think about it. The chances of that decision being reversed are remote.

Once McCann finally vacates office, the council has 30 days to pick an interim successor. That person would serve until a special election for mayor in November.

Five council votes are needed for an interim mayor. Right now, all council members agree, no candidate for interim mayor would get more than two votes, if anyone could get even that many.

"Right now, I'd say we each have one vote," quipped Councilman Joe Rakowski.

But in recent weeks, perhaps surprisingly, council members have shown indications they can regularly work together in something approaching harmony. That was rare in the first two years of McCann's current administration, as it was rare through most all of McCann's first

stormy term.

Council President Marilyn Roman said that resulted partly from necessity and partly from opportunity. She said the council found itself in a situation where it had to work together or watch government come to a standstill. "It was an opportunity for us to be able to do it," she said. "We were brought together on issues."

Can such harmony continue when it comes to picking a mayor?

Roman said she was unsure, but hopeful.

"I'm optimistic about it. I think they can do it," said Councilman Jaime Vazquez.

Rakowski and Councilman Vincent Signorile said they would be willing to meet every day until there is agreement on an interim mayor.

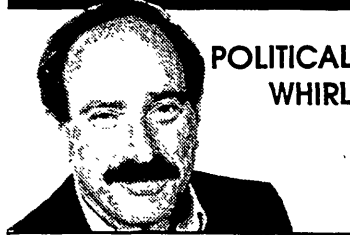
There have been numerous conversations among council members about what would happen if McCann leaves office, said Councilman William O'Dea, but most of them have been between two or three members.

"It's all been speculation or council members seeking support for themselves or for someone else they support," he said. "We've all talked about it, but there have been no formal discussions."

O'Dea said that with the council now facing the actuality of a vacancy in the mayor's office, members may

PETER WEISS

POLITICAL WHIRL



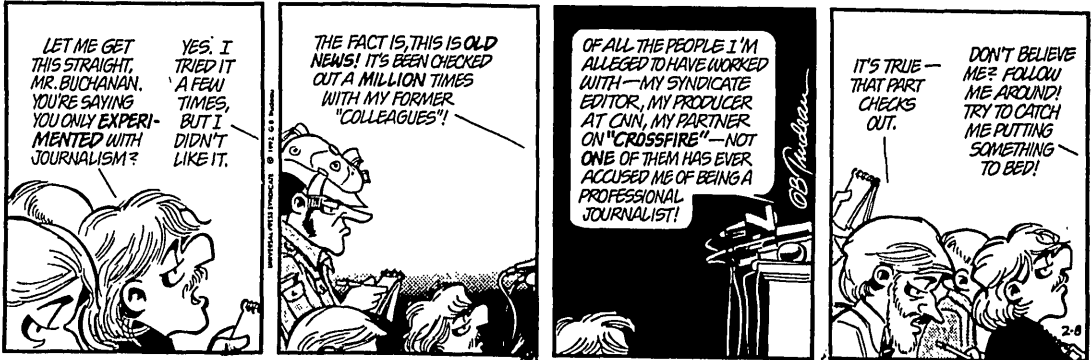
be more willing to put aside partisan considerations.

"I honestly think the council can talk about it as a whole," he said. "If we don't appoint someone, history will look back sadly at those members who weren't able to put aside there own selfish motives."

But will any council members put aside selfish motives if it will help other council members? Vazquez, Rakowski, O'Dea and Councilman Dan Waddleton all have openly expressed interest in becoming mayor. Roman thought seriously about running for mayor three years ago before opting for a council seat.

Anyone the council names as interim mayor — whether or not it's one of themselves — would have an automatic head start if he or she decided to run for the remainder of McCann's term in the special election in November. And anyone who wins the special election has a jump on the field for next regular election in May 1993.

Doonesbury



Teen group sets out to help people with AIDS
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Magic works MVP charm Page 23

U.S. icemen win opener Page 23

THE JERSEY JOURNAL

125th Year — No. 243 ★ ***

Monday, February 10, 1992

35¢

Home Delivery — \$1.45 weekly

McCann's long exit wins no fans

By Keith Sharon
Journal staff writer

There was no mercy in the mall yesterday. On a busy shopping day at Newport Centre, the name of embattled mayor Gerald McCann was sliced and diced by the people he was elected to serve. Support for the mayor was scarce. "He brought a lack of honor and integrity to his office," said Joseph L. Allam, of Jersey City. "I have no sympathy for him. When he was convicted, he should have resigned. For him to

Reaction of shoppers at Newport: 'Get out, Gerry'

hang around in office is not doing the city a service." On Friday, McCann was ordered to resign by a state judge. The mayor, however, received a reprieve when an Appellate Division judge decided to hear McCann's appeal on Tuesday. And, less than an hour after he was granted the reprieve, McCann appointed 21 people to serve on municipal boards that control millions of dollars in public funds. Among those named

were Peter Murphy, who approved a McCann loan, and Harold Demellier, McCann's chief of staff. McCann was convicted in federal court in December of bank fraud charges. He has remained in office amid growing pressure to resign. In the mall yesterday, the reaction from shoppers was as simple as it was critical: Get out, Gerry. "I don't see any reason why he should be in office," said Arthur Co-

lautti of North Bergen. "Once you're convicted, you should get somebody else in there." Derrick Pratt, a Jersey City resident, said McCann should have already been behind bars. "If you're going to rip off the people, you should go to jail," Pratt said. Anna Cruz, also of Jersey City, said she is happy the McCann era is coming to an end. "I'm glad he's on his way out," Cruz



Gerald McCann

said. "I can't believe he stole all that money." One man, who didn't want his name used, joked that McCann's punishment should be severe. "Give him life in

See PUBLIC — Page 4

Bias act charged at Prep

Student's family seeks expulsion

By Earl Morgan
Journal staff writer

The family of a St. Peter's Prep sophomore has filed a bias complaint against the prestigious Jersey City school, protesting its decision not to expel a student who scrawled racial slurs on their son's textbook. Hudson County Prosecutor Carmen Messano said his office is investigating the incident for possible violations of state bias laws.

The prosecutor launched his probe after the family's complaint was forwarded to him by Jersey City Human Rights Commission Executive Director Elijah Hendon.

"I am in receipt of the complaint and will treat it as a bias incident," Messano said. "I will assign an assistant prosecutor to investigate."

The complaint, filed by Dashielle and Sharon Vanterpool of Englewood, charges that on Jan. 8, a white Prep sophomore wrote "nigger" and "KKK" and satanic slogans on the cover.

Prep officials admit the defacement occurred and in response included an article in the school code to cover bias incidents.

The Rev. James Joyce S.J., president of the school, said St. Peter's regrets the incident. He confirmed that the student was suspended but not expelled and said the boy is scheduled for counseling.

"At the time, school code did not cover bias incidents," Joyce said. The failure to have specified a response in the code to such incidents makes it impossible for the school to expel the boy, he said.

The Vanterpools said offi-

See STUDENT'S — Page 4

Mother probes son's fate in prison system



Jersey City resident Douglas Harmon as he appeared in 1988 before his apparent stroke. A snapshot on Page 4 shows how Harmon looked after his illness struck. His parents claim the prison system contributed to his condition. The cause of Harmon's death last Tuesday is still unknown.

"I used to be a firm believer in law and order, but it's the biggest lie. If I had to do it all over again, I'd tell him to run."

Dolores Maxwell
Douglas Harmon's mother

*Douglas Harmon #58490
Prison - M (4-L)
Trenton, N.J. 08625.*

Douglas Harmon's signature, above, in 1982, just after his imprisonment, is neat and legible. His signature, below, in December 1991, before prison officials saw fit to hospitalize him, resembles that of a first-grader.

X Douglas Harmon
DOUGLAS HARMON

Anger over jail fire witness's death

By Helene Stapinski
Journal staff writer

An eyewitness to the Hudson County jail fire that killed seven inmates in 1982 died last week from what his family claims was neglect and revenge by the prison bureaucracy.

Douglas Harmon, 41, of Jersey City, died Tuesday from an apparent stroke.

Since May, his family had pleaded with state prison officials to hospitalize Harmon because, relatives said, he was obviously ill. His left side was numb, his lip upturned and his speech and handwriting slurred, they said. But prison officials denied that Harmon had had a stroke and kept Harmon in jail.

"The family loves him and wants him to be treated like a human being, not tortured and suffering," wrote his mother,

Prison medical director defends level of care

Dolores Maxwell, in a letter to state officials last year.

Harmon, who had a long criminal record, was convicted in 1982 of robbery and assaulting a police officer.

He was an inmate on the eighth floor of the Hudson County jail when a fire broke out on April 14, 1982, killing seven inmates. Though a judge ruled the conditions at the jail unsafe, no county officials or corrections officers were ever held accountable for the deaths.

The families of six of the dead inmates settled out of court with the county.

At Harmon's family's request, Superior Court Judge John Grossi ordered the Department of Corrections last November

to transfer Harmon from Northern State Prison in Newark to the Jersey City Medical Center, where he could be examined by the Harmons' family doctor.

Harmon was taken to the Jersey City Medical Center on Dec. 2 and was diagnosed as having had a stroke. As nurses prepared him for admittance, prison officials stepped in and had him transferred back to jail, according to the family and witnesses.

A Jersey City Medical Center spokesman said that Harmon was released against medical advice. Hospital records show that his diagnosis was cerebrovascular accident (a stroke).

State prison spokeswoman Patricia Mulcahy refused to discuss Harmon's medical record and denied that Harmon was ever taken to the Jersey City Medical

See ANGER — Page 4

UEZ war ready to break out

Trenton session to be first battle

By Steven Kalcanides
Journal staff writer

Municipal officials from more than seven Hudson County communities will face off on opposing sides when they attend a state Urban Enterprise Zone Authority meeting Feb. 19 in Trenton.

Bayonne Mayor Richard Rutkowski is leading the opposition to pending applications by Jersey City and Kearny to halve their sales tax, saying the move would have dire consequences for Bayonne's economy.

Last week, Rutkowski called a meeting that drew municipal representatives from Hoboken, West New York, Secaucus, Union City and North Bergen, who agreed to fight the applications or at least ask for a delay.

On the other side, West Side Councilman William O'Dea of Jersey City will attend the state UEZ board meeting to urge the panel to approve the proposed 50 percent sales tax cuts for Jersey City and Kearny.

A number of Jersey City merchants also are planning to meet Wednesday at 6 p.m. in the Pershing Field Community Center to voice their support for the pending applications, which O'Dea said will help their businesses.

O'Dea said he plans to organize a petition drive among the merchants to support the sales tax cut proposals and will be sending letters to the members of the state UEZ board asking them to approve the applications.

"We really feel the granting of the 50 percent sales tax cut is vital to the survival of many of the small business districts in Jersey City," O'Dea said recently.

See TRENTON — Page 4

Book ranks Hudson high in low-ranked qualities

By Dan Rosenfeld
Journal staff writer

Hudson ranks among the nation's top counties in cancer deaths, birth defects and toxic waste, according to a new book which argues disease caused by environmental hazards is being ignored by political and health bureaucracies.

The book, "Truth About Where You Live," is a detailed study of pollution and health statistics for every county in the continental United States.

Author Benjamin Goldman argues that pollution and maladies like heart disease, cancer and birth defects follow a pattern based on high density and environmental degradation.

Environment writer shows cancer, birth defects, toxins abound

Hudson County, which has long had a reputation as being nestled in Cancer Alley, has a cancer death rate higher than 98 percent of other American counties. Its death rate from birth defects is higher than 88 percent of America, Goldman found.

Meanwhile, its emissions of cancer-causing chemicals into the air and water are higher than 99 percent and 86 percent of counties, respectively. The number of uncontrolled toxic sites puts it in the 99th percentile.

Scientists continue to argue over the link between disease

and pollution. Numerous variables, including age, access to medical care, diet and smoking,

make direct comparisons difficult, Goldman acknowledges.

"This book can't prove that

environmentally toxic materials is the cause of the death problem," he said during a recent telephone interview.

Goldman spent \$2 million over five years researching statistics on toxic exposure, emissions and mortality in 1,700 counties. He correlated information from the Environmental Protection Agency and other agencies to create more than 100 maps of where pollution, disease and death are highest in the country.

Robert Ferraiuolo, director of the Hudson Regional Health Commission, said county residents are under unique stress.

See HUDSON — Page 4

Inside

WEATHER:



Today: Mostly sunny, highs around 30.

Tonight: Partly cloudy tonight, lows up to mid-20s.

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Sharon and Dashielle Vanterpool, parents of the victim, with the textbook defaced with the words 'nigger' and 'KKK.'

Student's family seeks expulsion for alleged bias

Continued from Page 1

cials told them the school believed expelling the youth would only feed his prejudice.

"But we have amended the code of conduct and bias incidents are punishable by suspension or expulsion," Joyce continued. The school will cooperate with any authorized investigation, said Joyce.

The Vanterpools said they had tried to resolve the incident by meeting with the student and his parents.

"We didn't want to sue them or the school or anything like that," said Sharon Vanterpool. "We just wanted an apology for what had been done to our son's book but they wouldn't apologize," she said.

The family also disagreed with Joyce's claim that the code of conduct made it impossible to expel the youth. They believe the school administration has the right to discipline or expel any student as it sees fit, they said.

The complaint also charges that the school

was slow to respond to the defacement.

"After eight days of not hearing anything, we called them and asked what was going to be done," Dashielle Vanterpool said.

A meeting between the administration and the Vanterpools was eventually held on Jan. 15, the parents said.

The Jersey City Human Rights Commission may hold a hearing on the incident, said Hendon. A complaint was also forwarded to the Archdiocese of Newark as well as to the Hudson County prosecutor.

Sharon Vanterpool says that her son, 15, is being subjected to harassment because the family has pursued the complaint. Recently, her son's sport and NBA warmup jacket were stolen while he was playing ball in Prep's school yard, she said. "Someone returned the sports jacket to the lot and it was found by the school but the warmup jacket that was a Christmas present from his grandmother is still missing," she said.

Journal photo by Larry Cutshall

Trenton UEZ meet means war

Continued from Page 1

ly.

"We intend to organize businesses all over the city," he said, adding Bayonne officials should look at Newark and Camden, which have benefited from sales tax cuts without putting their neighbors out of business.

O'Dea said the money collected from the sales tax cuts will help hire police officers for foot patrols in crime-plagued business districts, and will help Jersey City businesses compete with their suburban counterparts.

Rutkowski and other Hudson municipal officials attending the Bayonne conference last week will urge the UEZ board to delay approving the sales tax cuts for Jersey City and Kearny until a review can be done.

"I think the more pressure we put on our government, the more it'll be to our benefit," Rutkowski told the officials last week. "With the economy as bad as it is, we need to act immediately."

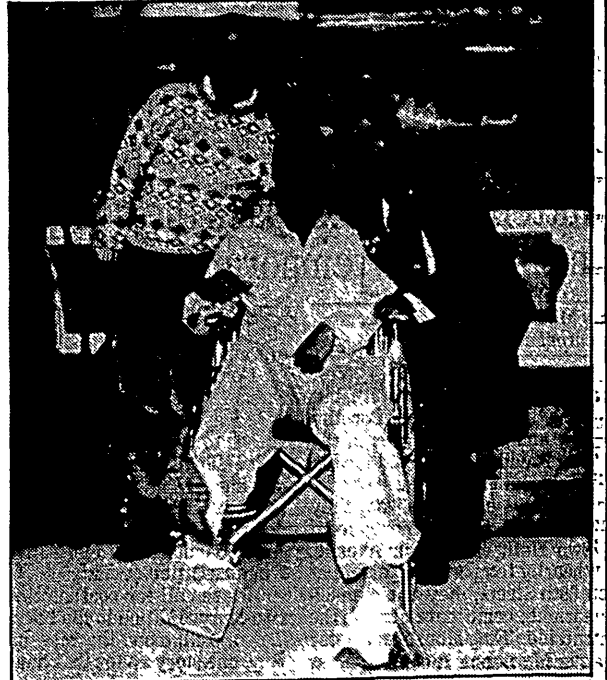
Since the UEZ law was adopted in the state almost a decade ago, some \$32 million was used to make improvements in UEZ-designated areas, said Denise Kopka, executive director of the Bayonne Economic Development Corporation.

That money was collected in sales taxes over the past several years and then filtered back into the UEZ communities to benefit and improve their business districts, she said last week.

A number of Bayonne officials have said they believe the whole concept of the original UEZ legislation should be reviewed by the state Legislature to determine whether it has had a negative impact on non-UEZ communities.

The state Legislature was supposed to review the UEZ law in 1986, but it was unclear if the government ever followed through, said Shelia Antczak, Bayonne community development director.

"I think the concept of the UEZ law was not to benefit one municipality at the expense of another," said Bayonne Second Ward Councilman Joseph Makowski. "I think what we're asking for is just fairness."



Douglas Harmon this past December at Northern State Prison in Newark, with his step-father Ben Maxwell and his mother, Dolores.

Anger over prison fire witness's death

Continued from Page 1

Center.

But a nurse's aide said she treated Harmon at the Jersey City Medical Center and said that she was surprised that the corrections officers took him back to prison.

"I was helping him undress because he couldn't use his left hand," said the nurse's aide, who spoke on condition of anonymity. "The next thing I heard them saying, 'He's going back.'"

"If he had proper care he would be living today. Anyone who had a stroke like he did, with proper medication and care, would live," she said.

Nearly three weeks later, Harmon's condition deteriorated and he was sent to St. Francis Medical Center in Trenton, where he died. Prison officials refused to release any information about his condition and would not say whether or how Harmon had been treated at medical facilities within the prison.

The official cause of death is not yet known.

Dr. John Franzoni, the prison medical director, said Harmon was not admitted to the Jersey City Medical Center because "that's not the usual policy."

"He was just not a private patient," said Franzoni. "When you're in prison, you don't just pick your own private doctor."

When asked why Harmon wasn't immediately transferred to another hospital, he said, "I don't know. I can't say what happened between Dec. 2 and Dec. 20. There's holes in every system." He said he believed Harmon was given the proper care, however, and referred all other questions to the prison spokeswoman.

Harmon, whose mother bailed him out immediately after the fire, gave an eyewitness account of the blaze for two television news stations. Harmon, along with about a dozen other inmates, also signed a certification for attorney Howard Moscovitz, who represented the families of the dead.

In his certification, Harmon described the screams of the dying inmates and said that the guard on duty that night was asleep. When the guard finally did wake up, he panicked, said Harmon. The jail cells weren't opened until the Fire Department arrived. Three of the inmates who died that night had been handcuffed to their beds, said Harmon.

That summer, Harmon was convicted of robbery and assault of a police officer and sentenced to 30 years, with a 15-year mandatory sentence. Maxwell said her son told her that they would kill him if he went to prison, but she said assured him that the judicial system worked.

"I told him to go because he had to serve his time," said Maxwell. "I said, 'This is America. We have a good judicial system.'"

Maxwell alleges her son was beaten severely by corrections officers upon entering Trenton State Prison and suffered seizures as a result. He was labeled a "rat" and was mistreated the 10 years he was in jail, she claims.

"Even though he did a lot of wrong things, it didn't call for this. They should have let him serve his time in peace," Maxwell said. "I used to be a firm believer in law and order, but it's the biggest lie. If I had to do it all over again, I'd tell him to run," she added.

Public wants McCann out of office, and soon

Continued from Page 1

prison," he said with a laugh.

Some people said the mayor's conviction and refusal to leave office voluntarily are an embarrassment to Jersey City and Hudson County.

"It's a typical reflection of

Hudson County politics," said Christopher, (who wouldn't give his last name) of Kearny. "This county is legendary. The only place comparable was Chicago under (former Mayor Richard) Daley."

Christopher said he hopes the final result of McCann's long

goodbye is a legitimate campaign for the mayor's spot.

"I would like to see the miracle of a fair election with corruption not affecting the results," Christopher said.

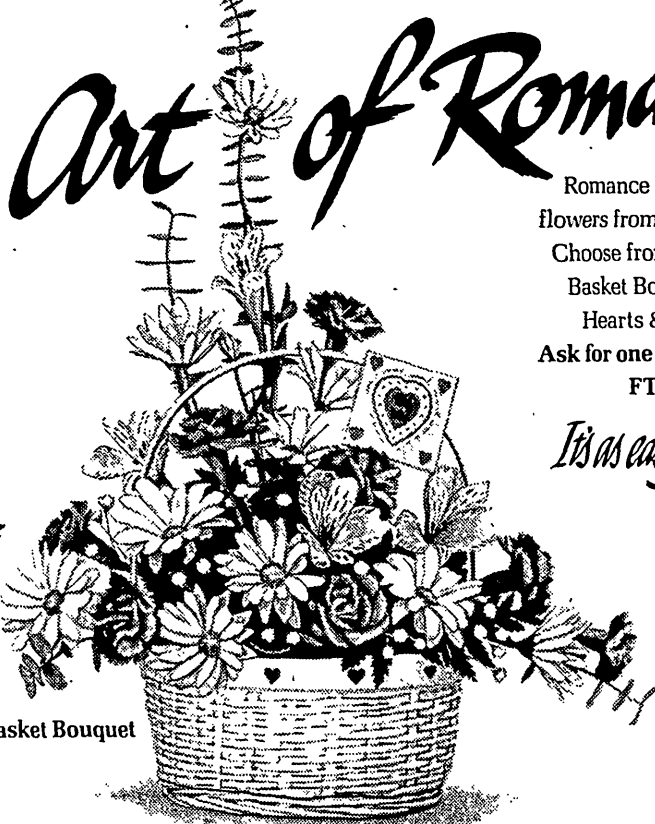
Bernard Toliver, of Newark, said he hopes Jersey City voters respond. "The people of Jersey

City need to register to vote and vote for what is in the best interest of Jersey City," Toliver said.

Carmela Charles, who voted for McCann said: "It's a shame what he did to his family. I know his mother. I thought I knew him, but I guess not. I feel sorry for his family."



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Hudson ranks high in negative qualities

Continued from Page 1

"You have a lot of industry and density, automobile traffic, lots of other sources of pollution," Ferraiuolo said. "I don't know if it correlates directly into mortality and morbidity, but one would assume there's some relationship."

The first studies trying to trace toxins and cancer in New Jersey began in the early 1970s. State environmental officials discovered that certain types of chemical workers developed specific cancers. The state has made great strides over the past two decades controlling basic air and pollutants, Ferraiuolo said.

But Goldman's study argues little has changed over the years.

"Twenty years later you still are the only state in the country that has every single county still in the top 10 percent in cancer," Goldman said.

"Hudson has unusual problems," he added.

"In general government pays the least attention to Americans with the poorest health," Goldman said.

Government and industry have also not done enough to in-

sure that chemicals pose no danger to the populace, he said.

"Less than 2 percent of the 70,000 chemicals in commerce have been fully tested for human health effects and there are no health data whatsoever for over 70 percent," Goldman wrote.

Despite Hudson's 46 square-mile size and dwindling industrial base, it still ranks among the nation's leaders in pollution.

For example, it ranks third in the most toxic categories of air emissions and seventh in carcinogens sent into the air.

Goldman called for increased regulation of companies that deal with toxic material.

"We have had very little success in controlling pollution once it's created," he said. "This is another argument that demands that pollution be prevented."

Benjamin Goldman is president and co-founder of Public Data Access, Inc. which strives to make government information on the environment and public health more available to the public. He has written studies on toxins for citizens' organizations. *The Truth About Where You Live* costs \$17.

■ **Fire captain's widow in line for \$87G settlement from city** Page 2

■ **Council wants electric and gas rate increase limited** Page 2

Mike Tyson found guilty

INDIANAPOLIS (AP) — Former heavyweight boxing champion Mike Tyson was found guilty last night of raping a Black Miss America contestant who said he lured

her to his hotel room and overpowered her. Tyson, 25, sat staring straight ahead impassively as the verdict was read. He was found guilty of all the charges he faced —

one count of rape and two counts of criminal deviate conduct. The judge said Tyson could remain free on \$30,000 bond and set sentencing for March 6. He

faces up to 60 years in prison. Tyson and his entourage, including his promoter Don King, left the courthouse without making See TYSON — Page 4

THE JERSEY JOURNAL

125th Year — No. 244 ★ ***

Tuesday, February 11, 1992

35¢

Home Delivery — \$1.45 weekly

Alleged drug ring leaders nabbed

Cops say Mumford network had \$10G sales a week

By Peter Benedict
Journal staff writer

Two Bayonne brothers have been charged with running a \$10,000-per-week drug-dealing network in the city, in which they allegedly beat youths to force them to sell the narcotics, police said yesterday.

The Saturday morning arrests of Norman "Stuff" Mumford, 22, and Mi-

chael "Kid" Mumford, 21, represent a bust of unprecedented proportions in Bayonne, police said.

Norman Mumford, the alleged head of the drug operation, faces a life sentence in prison and up to \$500,000 in fines if convicted, police said. He would not be eligible for parole until he

served a mandatory 25-year sentence, officials said.

"We're talking about the boss of the organization and his right-hand man, his brother," said Police Chief James Sisk. "In Bayonne, this is unprecedented — that we're taking the top of a drug operation out of the picture."

"These are two of the main figures who are corrupting the youth of this community," he said. "It is alleged that these two guys beat 13- and 14-year-old youths and forced them to sell crack cocaine."

In the last couple of months, Norman Mumford had moved his orga-

nization into "big time" drug dealing, selling approximately between \$7,000 and \$10,000 worth of cocaine per week, according to police officials.

They said the organization also has ties to drug dealing in Jersey City.

The Mumfords, each about 6 feet 3 inches tall and 375 pounds, were arrested at about 1 a.m. Saturday as

See TWO — Page 4

Greenville blaze kills 16-year-old

Seven are left homeless as house is destroyed

By Elaine Pofeldt
Journal staff writer

A 16-year-old boy died and seven people were left homeless yesterday after a fire destroyed their Jersey City home.

Tony Williams, a Marist High School freshman who would have turned 17 today, died when flames tore through the two-story wood frame house at 172 Bayview Ave., in the Greenville section, sending fleeing residents into the bitter morning cold.

Firefighters arrived at 6:54 a.m., three minutes after receiving a call about the fire, Fire Department Captain George Johns said. It took seven pumers, three ladder trucks and a rescue company until about 7:30 a.m. to get the fire under control.

The Jersey City Fire Investigation Unit is investigating the fire, Johns said.

Owner Robert Redick, who lived the second floor, said he had "no idea" how the fire started.

"I think the girl downstairs yelled fire," said Redick, who appeared shocked as he surveyed the blackened remains of his house, where a piece of furniture hung halfway out a front window and a heap of clothes lay near the bushes.

Williams lived in the first-floor apartment with his mother, Patricia, 37, and sister Erica Monique, 12, who both escaped. Redick, 62, his wife and three sons also escaped.

Three firefighters were injured when they fell on the ice, Johns said. Dennis Kroll and John Costanza, who suffered back injuries, and James Parks, who suffered back and shoulder injuries, were treated at the Jersey City Medical Center.

Residents of the houses on either side of Redick's house, which is located between Martin Luther King Drive and Ocean Avenue, were evacuated and relocated with help from the Red Cross, Johns said.

Margaret Moore, who said she had lived next door for about 20 years, said she was getting one of her sons ready for school when she heard someone shouting about the fire.

She wrapped her 4-year-old daughter in a blanket, summoned her two young boys and ran out of the house, she said.

On Jan. 31, at 8:04 a.m., a woman died in a house fire at 134 Bayview Ave., but Johns said the fires did not seem to be linked.



Journal photo by Larry Cutchall

A Jersey City firefighter stands in the window of 172 Bayview Ave. where a Marist High School freshman died during a fire yesterday.



Tony Williams
House fire victim

A promising life suddenly ended

By Elaine Pofeldt
Journal staff writer

Tony Williams would have celebrated his 17th birthday as one of Marist High School's most promising freshman football players today.

But his tragic death in a fire at his family's Bayview Avenue home early Monday morning has left his family, teachers, coaches and classmates mourning him

See TEEN — Page 4

McCann takes struggle to stay to higher court

3-judge panel may rule today

By John Petrick
Journal staff writer

Convicted Mayor Gerald McCann of Jersey City continues his struggle to retain power today by going before a state appeals court that will decide whether a Superior Court judge misread the law last week when he ordered him ousted.

A three-judge panel sitting in Morristown is expected — but not guaranteed — to decide today whether McCann can remain in office until his sentencing for bank fraud and tax evasion convictions.

Even if McCann loses this appeal, he could ask the New Jersey Supreme Court to overturn the Appellate Division's decision. The length of that process — should the court accept a request to be heard — is uncertain.

In briefs filed yesterday with the Appellate Division, McCann's lawyer argues that to remove McCann now would create an unstable political environment should another court reinstate him later.

"Such uncertainty as to the mayor's status is unfair to the citizens of Jersey City, to the public employees involved, and to the mayor himself," attorney Matthew Boylan's brief argues.

Boylan argues that Superior Court Judge Arthur D'Italia had no jurisdiction to rule on Friday on the state attorney general's bid to oust McCann, and that only the federal sentencing judge should decide when and if McCann should be removed.

He also notes that the crimes McCann has been convicted of do not involve his public office.

The state forfeiture statute

The Pressler file

■ **Age:** 57
■ **Residence:** Englewood.
■ **Education:** Queens College, 1953. Boston University, 1955. Rutgers Law School, 1959.
■ **Legal career highlights:** Member and Partner of the firm Okin, Pressler, Shapiro 1960-1973. Englewood City Solicitor 1969-1973.
■ **Judicial career:** Appointed to bench 1973. Appointed to Appellate Division of Bergen County Superior Court 1976; Re-appointed 1983.

Other judges' biographies, Page 4

— which the attorney general used in filing the motion to remove McCann — "expressly indicates that forfeiture will take place upon conviction only if the court so orders, and otherwise will take effect upon sentencing, unless a stay is entered by the court."

The "court" referred to in the statute, Boylan argues, is the court where McCann was convicted — not the state court system.

"Logically, the trial court, having heard the evidence mustered against the defendant, is in the best position to evaluate whether the defendant's offenses were so egregious or so related to his public office as to warrant immediate forfeiture upon conviction," Boylan states.

If a state court does have any jurisdiction, he argues, it can only be after U.S. District Court Judge John C. Lifland sentences him.

Deputy Attorney General

See MCCANN — Page 4

Judge refuses to lift judgment for Mocco

By Michael Finnegan
Journal staff writer

In a major blow to the dwindling real estate fortune of former North Bergen Mayor Peter Mocco, a federal judge has refused to lift a \$17 million judgment against him and a partner for their default on a Weehawken development loan.

U.S. District Judge Alfred M. Wolin also accused Mocco and his partner, Eric C. Silverman, of "mendacity" and complained of their "lack of honesty" in dealing with the court.

Wolin said court papers filed

by Mocco and Silverman and statements by their attorney, Harold J. Ruvolet Jr., were "replete with inconsistencies."

In his 21-page ruling filed Wednesday, Wolin rejected the request by Mocco and Silverman to set aside the \$17 million judgment that Chase Manhattan Bank won against them in October.

Mocco and Silverman are personally liable for \$8 million of the judgment.

Mocco, who listed his assets

See JUDGE — Page 4

Inside

WEATHER:



Today: Cloudy, milder, chance of rain, low 40s
Tonight: Clearing, colder. Upper teens, low 20s
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'Roots' author Alex Haley dies

By James L. Eng
Associated Press writer

SEATTLE — Alex Haley, the Pulitzer Prize-winning writer whose book "Roots" told the story of the African-American experience in America and inspired people of all races to search for their ancestors, died yesterday. He was 70.

Haley, whose other works included "The Autobiography of Malcolm X," died of a heart attack at Swedish Hospital.

Haley had been scheduled to speak today at Bangor Naval Submarine Base near

"He was truly a gifted person who wrote a book that was monumental."

Benjamin Hooks
NAACP Executive Director

Bremerton.

Haley won the 1977 Pulitzer Prize for "Roots: The Saga of an American Family," the gripping story of his family's monumental journey from Africa to American slavery and ultimately to

See ALEX — Page 4



Alex Haley
Pulitzer Prize winner

BAYONNE TIMES

Joseph Casey, Bayonne editor, 436-6400

Point of light or of shame?

"Did you see they're sending another 500 refugees back today?" said the Irish senior citizen to the Rev. Gene Squeo.

It was the sign that Father Squeo was looking for: the sign of one human being caring for another, regardless of skin color or social status.

Father Squeo of St. Patrick's Church in Jersey City is raising people's consciousness — and their consciences — about the plight of the Haitian refugees being sent back home despite political persecution.

Some of his parishioners don't need to be taught about the problem. They've lived it.

HELENE STAPINSKI



HUDSON BEAT

Parishioner Pierre Moreau was vacationing in Haiti the day the government of President Jean-Bertrand Aristide was overthrown. On the morning of Sept. 30, 1991, Moreau watched the violence from his balcony as the military, brandishing machine guns, marched in the streets.

"They shot at everyone," said Moreau. Five hundred Haitians were killed that day. And another 1,000 followed. There's no estimate as to how many have been killed since, because human rights groups and American diplomats have fled Haiti.

Despite the violence, the Bush administration and the Supreme Court say that refugees risking their lives on tiny boats in the Atlantic Ocean are coming here for economic — not political — reasons. Our country — the land of the free and home of the brave — has forcibly deported 2,000 Haitians. Another 8,000 await.

St. Patrick's contains the city's biggest Haitian population. At the Haitian Mass each Sunday, about 75 immigrants attend.

One woman from St. Patrick's doesn't like to talk much about Haiti. Her husband was in jail for three years under the Duvalier regime. And her brother is in Haiti now.

"Even though she's here in safety, she still doesn't speak out," says Father Squeo. "She's afraid word would get out and her family would be in jeopardy."

Moreau, like the rest of the parish, believes the Bush administration should at least grant temporary protected status to the Haitians waiting at Guantanamo Bay.

"This is a very real situation they face when they go back," says Moreau.

Yesterday, the New York Times reported that dozens of those returned Haitians have told U.N. officials that they suffered beatings, imprisonment, death threats and other abuses that prompted them to flee their country a second time.

State Department officials have said there is "no evidence" that any Haitians have suffered political repression upon their return.

"It's the big lie," says Father Squeo. The big lie that Bush hopes the American public will believe.

But the American public — like St. Patrick's — stands shoulder to shoulder. They know Bush's policy is hypocritical and racist.

"The President always talks about points of light," says Father Squeo. "But this is a point of shame."

Fifty-seven percent of Miami residents polled say the Haitians should be given refuge. And the Miami residents are the ones who should, by Bush's logic, feel the biggest threat from the Haitian immigrants.

Using the Haitians as scapegoats for the recession and high unemployment just doesn't wash with people.

This is a chance for our legislators to show that they'll represent our views — not the administration's. A chance for Bush to show some compassion and leadership.

"The real reason the government is doing this is that it's a racist policy," says Chris Garlin, a St. Patrick's parish leader. "They're black and they're poor. So send them back."

The government, aware that the racism of David Duke and neo-Nazis is making a comeback, hopes to hit a racist nerve in America that will prompt the masses to shout, "Send them back." But it's not working.

Just ask Maryann Greene, a St. Patrick's parishioner whose relatives came here by boat from Ireland. "We're all the same color in the blood," she says. "That's how I look at it."

Council to vote on widow's \$87G claim

By Peter Benedict
Journal staff writer

The Bayonne City Council is set to vote tonight on awarding a \$87,419 settlement to a city fire captain's widow who claimed work conditions contributed to the heart attack that killed her husband.

But City Law Director F. Gerald Fitzpatrick said yesterday he plans to ask the council to hold off on the vote until he can find out what occurred after last May, when a judge awarded a \$127,000 settlement to Patricia Napier, wife of the late Fire Capt. William T. Napier.

Fitzpatrick said he needs to check on whether the law firm that represented the city in the case filed an appeal of the judge's decision. He also wants to know why the council will vote on an \$87,419 settlement, when the judge's award is higher.

Judge Philip Bolstein, of the state

Law director may ask for delay to seek more data on decision

Division of Workers' Compensation, in Jersey City, determined last May that the city owes Napier's widow worker's compensation benefits of \$284 per week from January, 1987 through August, 1995.

Bolstein found that Napier had died of a myocardial infarction, a heart attack, "which was materially aggravated and accelerated by his occupational exposure to carbon monoxide."

"(Napier) had been regularly exposed to high concentrations of carbon monoxide over the (30) years of his employment, while fighting fires and when exposed to the exhaust of truck engines while in the firehouse," Bolstein wrote in his decision.

The judge added that Napier suf-

fered from diabetes and hypertension, and he smoked cigarettes for many years, averaging about a pack per day. Napier died in his home on Dec. 30, 1986, after going on vacation about two weeks earlier.

During the case, two doctors testified, one saying that Napier's occupational exposure played a significant role in worsening his heart condition, the other rejecting the idea that his exposure was a factor. But, the judge said, the latter doctor's testimony was inconsistent.

"I do not, by this decision, hold or imply that an heart attack suffered by a worker whose underlying heart disease is aggravated and accelerated by the conditions of work is compensable regardless of when or under what circumstances it occurred," Bolstein warned.

According to a letter Fitzpatrick wrote to the attorney handling the case, the law director is concerned about the settlement's setting a precedent.

"This case is extremely important to the city in light of the fact that we are being deluged with cases of similar kind," he wrote.

A portion of the \$87,419 settlement the council will vote on tonight, \$20,000, will go toward paying for Patricia Napier's attorneys. The remaining \$67,419 would be the actual settlement given to her.

In other business, the council will vote on accepting notices of claim from Theresa Hattenberg, who claims her car was struck by a police car trying to make a U-turn on Avenue C near 53rd Street, and Bruce S. Gates, who claims Cecylia Burec was injured last November in a fall on a city sidewalk at Kennedy Boulevard and 11th Street.



Youth has its say

Gathered at the Tri-High School Youth Leadership Conference at Bayonne High School, which is sponsored annually by the Bayonne Chapter, National Conference of Christians and Jews, are, from left, Jenene Hanson of Marist High School; Bran Abercrombie, Marist; Sharon Budny, Holy Family Academy; Amanda Antico, Holy Family, and Kerry Naughton, Bayonne High. This year's discussion centered on Media's Influence on Youth.

Phone books must go into regular trash

By Peter Benedict
Journal staff writer

Bayonne residents should discard their old telephone books with regular trash, not place them at the curb with newspapers for recycling, city recycling coordinator William Bull, said yesterday.

Bull also reminded resi-

dents that they should not put plastic and glass bottles, jars, and aluminum and tin cans in plastic bags, but that these commingled recyclables should be placed in a reusable container.

Telephone directories and plastic bags filled with recyclables are not accepted by the company the city hires for pickups, Bull explained.

It would be too costly to the local taxpayer if city workers were to sort through recyclables to find phone books or open and empty plastic bags, he added.

"As our volume of recyclables keeps increasing each year," said Bull, "we ask our residents to please follow the basic rules for collection so that we can pick up items and recycle them as efficiently and cost-effectively as possible."

The container for commingled recyclables should be a garbage can or a sturdy plastic or metal trash bucket, said Bull. Recycling stickers, available in City Hall, should be placed on the outside of the container.

Also, newspapers should not be put into plastic or brown bags for collection, but should be tied with string or cord strong enough for lifting, Bull said. And newspapers may be placed in a plastic or metal garbage can with the word "newspapers" on the outside.

New titles received at Bayonne Library

The Bayonne Public Library recently received the following new titles: "Atom," by Isaac Asimov; "The Dark Beyond The Stars," by Frank Robinson; "In Mormon Circles," by James Coates; "Season at the Point," by Jack Connor, and "Ten Days to Destiny," by John Costello.

Also, "Out of Thin Air," by Reuven Frank; "Which Side Are You On," by Thomas Geoghegan; "The Grass Crown," by Colleen McCullough; "What Goes Up," by John Nance; "Beating the Dow," by Michael O'Higgins; "The Buck Starts Here," by Claude Olney, and "Malcolm," by Bruce Perry.

Menorah Lodge 249 will host speaker

Menorah Lodge No. 249, Free and Accepted Masons, will host guest speaker J. Simon Ash, a member of the Ars Collegium of the Valley of Northern New Jersey, Ancient Accepted Scottish Rite, during its Feb. 19 meeting.

The meeting of the lodge will begin at 7:30 p.m. at the Bayonne Masonic Temple, Avenue C and 40th Street. Saul Broad, lodge master, will preside over the business meeting and introduce the speaker.

Doria scholarship goes to Jill Serafin

Jill Serafin of Bayonne, a junior at St. Peter's College, has received the Joseph V. Doria Jr. Community Service Scholarship for 1991-92. The \$1,500 award was presented to Serafin, an economics major with a 3.75 grade point average, by the Independent College Fund of New Jersey.

Serafin is active in student government and has earned membership in the Society of the Cross Keys for her extra-curricular activities.

Ted Baxter Quintet will play at BJCC

The second concert in the Bayonne Jewish Community Center's 1991-92 Music for 100 series will be March 4 at 8:30 p.m. in the center.

It will feature the Ted Baxter Quintet in a program mixing contemporary and traditional jazz styles.

Tickets are now available at the center office at \$20 for center members and \$25 for non-members, with a special student rate of \$15.

The Music for 100 series is chaired by Gail Brooks.

Council asks fair rate rise PSE&G seeks utilities boost

By Peter Benedict
Journal staff writer

The Bayonne City Council tonight is expected to pass a resolution asking the state regulatory commissioners to award only a necessary and reasonable electric and gas utility rate increase for the city.

When it meets at 8 tonight in City Hall, 630 Ave. C, the council will also hear a city ordinance to change a prohibited parking area on East 29th Street.

Public Service Electric & Gas Company has petitioned the state board for a 14.93 percent increase in its rates for electricity and a 10.7 percent increase in its gas rates, according to a recent letter Mayor Richard Rutkowski sent to Council President John Halecky.

Rutkowski said the rate increase would mean an increase in the municipal budget. "Once again, the taxpayers will be impacted inasmuch as they will pay an increase in their bills and in their taxes."

The council is also expected tonight to pass a resolution supporting efforts to alleviate what it says is a growing hunger crisis in Jersey City and other cities of the nation.

A city ordinance up for a hearing tonight would delete the 75-foot prohibited parking area in front of Bayonne Hospital's entrance on south side of East 29th Street, but add a 35-foot area on the north side of that street.

Moody's Investor Services may receive a \$7,000 check for providing professional services to the city when it issued Fiscal Year Adjustment Bonds.

Nicholas Panepinto, the council's attorney, may be re-appointed public agency compliance officer for 1992. In this position, said Panepinto, he reviews all city contracts to make sure they comply with Affirmative Action regulations.

The council will also consider authorizing the purchasing agent to buy photographic supplies from Hudson Camera Corporation, a state-approved vendor, in an amount not to exceed \$10,000.

The bulk of the purchases are for the police photographer, but the tax assessor and the recycling program also use photo supplies.

The council is expected to approve a change order, decreasing by \$1,941 the contract with Ticon New Jersey, Inc. for the resurfacing of West 36th Street, bringing the new contract total to \$22,844.

The Bayonne Community Mental Health Center may receive \$11,600 from the council to renovate the interior of its building at 597-601 Broadway, including new ceilings and doors.

Police

Bayonne cops nab 3 with stolen car

Three Bronx men were arrested at 50th Street and Broadway early Sunday morning on charges of possession of a stolen car and burglary tools, Bayonne police reported yesterday.

Gerardo Reyes, 30, was held at Hudson County Jail in lieu of \$1,500 cash bail, said police, while Alex LaBoy, 21, and Luis Leon, 22, were released on the same bail amount each.

Patrolmen observed Reyes leave a parked 1983 Toyota, the steering column of which appeared broken, and use a wrench to try to remove a rear tire from the car, said police. The other two suspects were standing 20 yards away, they said.

A large screwdriver was found on the car seat, said police. The Toyota had been stolen from the West 42nd Street home of Joseph Gonzales, they said.

Two Bayonne men face drug charges

David Williams, 23, of Broadway, and James Porch, 20, of West 19th Street, were arrested on 20th Street off Avenue C Friday night and charged with possession of 88 vials of cocaine with intent to sell within 1,000 feet of a

school, Bayonne police said yesterday. Both suspects were held at the county jail in lieu of \$2,500 bail each, they said.

In a separate arrest Saturday, Dane Rock, 28, of West 18th Street, was charged with possession of 10 vials of cocaine with intent to sell within 1,000 feet of a school, said police. He was also charged with resisting arrest, after a short foot chase, and was later held in lieu of \$1,000 bail at the county jail, they said.

Gas station is held up

A man dressed in black walked into Marotta's Exxon Service Center, 1194 Kennedy Blvd., at about 5:15 p.m. Sunday and stole \$98 in cash from the station attendant at knifepoint, Bayonne police said yesterday. The attendant said the 6-foot man fled north on the Boulevard on foot, said police.

Break-in at car pound

Two Bayonne men were charged with trespassing in the Bayonne Police Department car pound on Hook Road and breaking into a Buick stored there Saturday afternoon, Bayonne police reported yesterday. Deigo Torres, 36, and Andre Rutkowski, 34, were released in \$500 bail each, said police.

Cuban immigrant's experiences help others

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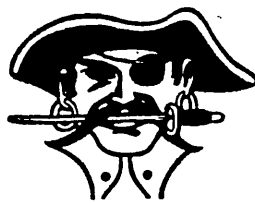
Bayonne was spared deadly plane crash in '52

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Seton Hall breaks losing skid against Syracuse

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THE JERSEY JOURNAL

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Murphy sees school taxes as problem

By Peter Benedict
Journal staff writer

City taxes will jump significantly if the Bayonne school district does not receive the \$5 million in state aid it is slated to get under Gov. Jim Florio's proposed revision of the state employee pension system, a top school official said last night.

The proposed 49-cent increase per \$1,000 of assessed valuation in the 1992-93 tax rate due to the schools would increase five-fold if Florio's plan is rejected by the Legislature.

"If we get it, the (tax rate) increase is 80 percent lower than it would have been," Superintendent of Schools James Murphy told the trustees at a board budget workshop. "If we don't, it's big problems."

The district, by order of the state education commissioner, has prepared a budget that assumes receipt of the \$5 million in aid. But even with that amount, school officials said an additional \$1.3 million in new taxes are needed.

If the Legislature does not approve Florio's plan, about \$6 million in city taxes would be needed to run the schools, said Murphy.

This \$6 million would translate into an increase on the tax rate of about \$2.44 per \$1,000 of assessed property value.

"The stakes are very, very high," said Murphy.

Because of the importance of getting this

See MURPHY — Page 4

Ecology report rips incinerator plan

By Dan Rosenfeld
Journal staff writer

A Hudson garbage incinerator would be an environmental, health, and financial disaster, according to a county Freeholder Environmental Committee report which calls for increased recycling and composting.

The report, released yesterday, describes a planned incinerator that would burn 1,500 tons of garbage per day as a guaranteed money loser that would significantly increase the amount of toxic material in the air.

"Incineration is not an environmentally sound disposal strategy and poses a risk to public health and the environment," concluded the report, titled Resource Recovery Facility: Feasibility and Alternatives. Freeholder Louis Manzo of Jersey City is the force behind the report.

Ogden Martin, the subsidiary of the international conglomerate Ogden Corporation, holds a \$172 million contract with the county to build an incinerator at the former Koppers Koke Factory site in Kearny.

Ogden officials immediately shot back at Manzo and the report, claiming it ignored "established principles of waste management."

"After an initial evaluation, we are concerned with the fairness and thoroughness of the report," Scott Mackin, Ogden president said in a news release. Ogden also issued its own report that hails the incinerator as an economic boon bringing with it 2,100 construction jobs and 336 permanent positions. Manzo and environmentalists said Ogden was increasing these numbers to sway people to their side.

"Ogden likes to cloud the issues," said Barbara Canfield, of Concerned Citizen of Union

See FREEHOLDER — Page 12

Spath found innocent in teen-ager's death

By Joseph Neff
Associated Press writer

HACKENSACK — White Teaneck police officer Gary Spath, charged with reckless manslaughter in the 1990 slaying of black teen-ager Phillip Pannell, was found innocent last night by a Bergen County jury.

The all-white jury of ten men and two women, which got the case earlier yesterday, deliberated for about seven hours before delivering its verdict shortly after 8 p.m.

When foreman George Mayerauser read the verdict, Spath's knees buckled and he began weeping. The courtroom

erupted into pandemonium.

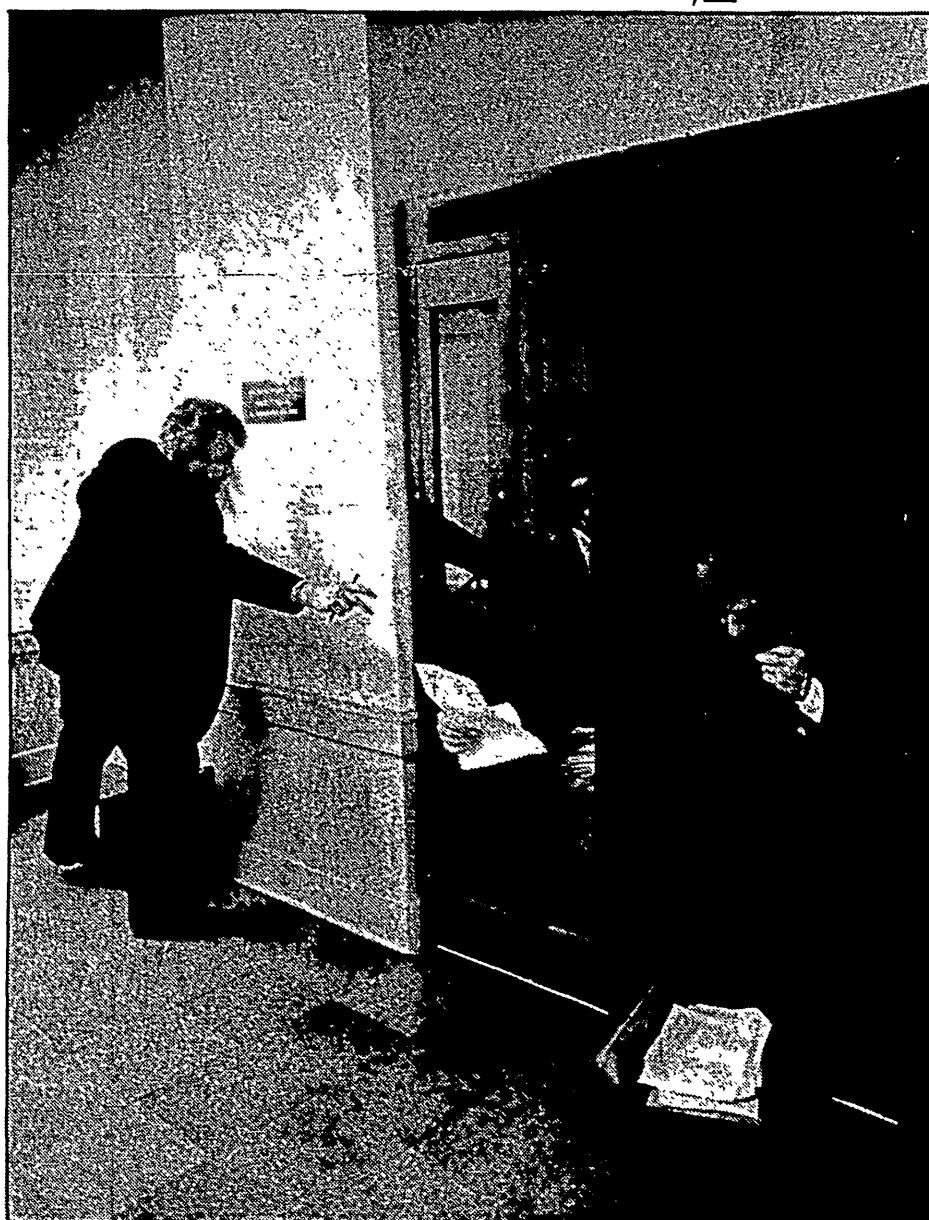
Cheering by Spath's family and friends was soon drowned out by the shrieks of Thelma Pannell, mother of the slain 16-year-old. "Why Lord Jesus, Why?" she screamed, sobbing, then collapsed.

Dale Robinson, Mrs. Pannell's sister, rushed to the jury and started berating them. "How the hell did you do this? My 16-year-old nephew is in his grave," Robinson said. "Shot in the back and you let this guy walk."

Superior Court Judge Charles R. DiGisi ordered the

See SPATH — Page 4

McCann gets a reprieve from N.J. Supreme Court



Journal photo by Larry Cutchall

In a hallway of the state Superior Court in Morristown, Deputy Attorney General Richard Carley, left, hands a copy of the latest appeals court decision to Gerald McCann's attorney, Matthew Boylan, while on the phone with a staffer at the Supreme Court in Trenton.

Public, politicians waited for word together at City Hall yesterday

By Helene Stapinski
Journal staff writer

Anticipation.

It poured into the offices and the hallways and the parking lot at City Hall yesterday, as city workers anxiously waited for an answer.

Is he in? Or is he out?

Kaye Jacob, the receptionist in Room 223 — the mayor's office — had an immediate answer. "He's not in today," she said.

But the bigger question remained. Even Mayor Gerald McCann's closest allies walked the

halls asking if anyone had heard whether the Supreme Court had ordered their chief executive out. But word never came. And the waiting continued.

The taxpayers went about their business, paying water bills and gossiping about McCann. A welfare recipient camped out in the council office to complain about his benefits, while city officials carried cups of coffee across the black-and-red marble rotunda.

"It's the long haul," said Morris Pesin, direc-

See ALL — Page 4

Top court reviews appellate decision to toss out mayor

By John Petrick
Journal staff writer

MORRISTOWN — Gerald McCann was down to his last minutes in office yesterday when he received yet another reprieve — this time from the New Jersey Supreme Court.

A state appeals court here unanimously refused to allow McCann to continue serving as Jersey City's mayor pending his sentencing on his federal bank fraud and tax evasion convictions.

But the Supreme Court, which McCann's lawyer contacted by public pay phone just minutes later, allowed McCann to go on serving until it can review the appellate tribunal's decision.

That decision could come as early as today.

"There is a point in time when you need to show some class so that the people of Jersey City would have a lasting memory of you going out in style."

The mayor has been flirting with expulsion since Friday, which held all the legal contradictions of yesterday.

Withering political support and a looming jail term have apparently only fueled McCann's characteristic appetite for a fight.

The mayor is now exhausting every legal option available to postpone what the state says is "the inevitable." For, win or lose on this front, McCann will

have to leave office when he is sentenced unless U.S. District Court Judge John C. Lifland stays the mayor's removal pending an appeal of his conviction.

A sentencing date has not yet been set. Attorney General Robert Del Tufo filed court action to remove the mayor based on a state law that says public officials must step down after conviction or sentencing.

Superior Court Judge Arthur D'Italia Friday granted the attorney general's motion to oust the mayor, who was convicted on Dec. 17 of 15 federal offenses, including mail and wire fraud, tax evasion, making false statements to the Internal Revenue Service and failure to file personal income tax returns.

But state Appellate Judge Sylvia Pressler lifted D'Italia's order until a three-judge panel could hear arguments on why the mayor should stay in office. McCann's attorney Matthew Boylan argued yesterday before that panel that, based on the law's language, only the federal sentencing judge can decide McCann's political fate.

But Pressler, along with judges Thomas F. Shebell and William M. D'Annunzio, said Boylan

Bill O'Dea
West Side Councilman

McCann Fallout

- Hispanic leaders support Jaime Vazquez for interim mayor Page 3
- Last-minute appointees speak out Page 4

See SUPREME — Page 4

Women see hope in Tyson verdict

Battle won, but war is not, say leaders

By Leslie Dreyfous
AP national writer

Many women expected Mike Tyson to go free. They'd watched Justice Clarence Thomas' confirmation and William Kennedy Smith's acquittal. They knew how seldom sexual assault cases are prosecuted, and how seldom they are won.

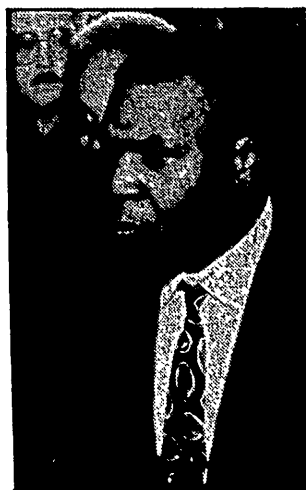
"She asked for it," could be heard in bars and on street corners. The nightly news captured locals outside the courthouse in Indianapolis, cheering the boxing hero who was hoping to regain the heavyweight title this spring.

The defense depicted the victim as a wily beauty contestant capitalizing on her encounter with a celebrity whose name

wasn't Kennedy — but was about as well known. Or alternatively, a spurned woman with an ax to grind — perhaps like Anita Hill.

"The way things have been going, I was sure the woman would be blamed," said Regina Thompson, a legal secretary in New York. "But finally the message is clear: No means no," added her friend, Cheryl Burger.

Tyson was convicted of rape Monday night. It didn't matter that the woman was in his hotel room at 2 a.m. or whether he



Mike Tyson

See WOMEN — Page 4

Inside

WEATHER:



Today: Sunny, cold, highs in mid to upper 20s.
Tonight: Clear, continued cold. Lows around 20
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Murphy foresees school tax problems

Continued from Page 1

extra state aid approved, state education associations and other educators have been meeting to devise a strategy to lobby the Legislature.

Murphy attended a meeting of middle-income districts in East Windsor last Friday with some 150 other superintendents from some of the state's Foundation Aid district.

These middle-income districts were the hardest hit by the Quality Education Act last

year, according to Murphy, but with Florio's plan, they stand to possibly share \$341 million.

The Foundation districts, mostly suburban, are putting pressure on their legislators to approve the aid level. Groups like the New Jersey Education Association and the School Boards Association are also mustering their lobbying powers, he said.

Locally, Murphy said he plans to rally support by sending out a letter to the city's parent

group leaders, urging them to put pressure on legislators.

In his letter, he said he will urge parents to write letters of support for Florio's plan to Senate President Donald T. DiFrancesco, Assembly Speaker Garabed Haytaian, and Senate Minority Leader John Lynch. Their addresses are available by calling the board at 858-5800.

While the extra aid is important for the 1992-93 school year, the city school board and Board of School Estimate will likely

pass the budget before the Legislature gets around to voting on the Florio plan, which could be as late as June, Murphy predicts.

If the state rejects the plan that late, it would mean the budget would have to be amended during the school year and, perhaps, cuts made.

In other business, the trustees began to go over the budget line by line, using the new blue workbooks with detailed information on each school's and program's separate budgets.

Two trustees commented that the figures in the workbook don't add up to the line items in the budget.

"We're trying to make heads or tails of this (workbook) and it's kind of difficult," said Trustee Nicholas Capodice. Trustee Edward Borowik concurred, saying he tried to break down the first six lines of the budget and could not find the breakdown in the workbook. Murphy referred some of their questions to Business Administrator Clifford Doll, who was absent.

McCann fears unemployment

Embattled Jersey City Mayor Gerald McCann last night told The Associated Press he won't quit before he's sentenced because he can't afford to give up his \$62,000-a-year salary.

"Quite literally, I become unemployed," McCann said. "I have responsibilities to my family. Nobody bothers to consider that once I go off the payroll, I'm off the payroll."

All waited word on mayor at City Hall

Continued from Page 1

tor of the City Spirit program.

"This is nuts," said one worker who campaigned for McCann in the 1989 election.

"A waiting game," said another.

At-large Councilwoman Willie Flood, a staunch ally of McCann's, said she wished the whole thing would just end.

"His peers in the courtroom found him guilty," said Flood. "It's over. It's over. So really it's just a matter of time now. For the sake of the city, he should do the right thing. He should do the right thing."

A few people were too busy running the city to even care about McCann and what he should do.

"I'm sure it will upset a lot of people, and I'm sure it will make a lot of people happy," said city Camp Director Tom Hart. "But I have too much work to do to get involved in politics."

A young woman visiting the City Council office listened as the phones rang from inquiring



Matthew Boylan, left, is all smiles after receiving word of the state Supreme Court decree which allows Jersey City Mayor Gerald McCann to remain in office temporarily. Deputy Attorney General Richard Carley, who opposed the motion, has a different reaction.

taxpayers, while Downtown Councilman Jaime Vazquez loudly dictated a resolution calling for McCann's resignation.

"God. This man should just give it up," said the woman. "I would."

Another City Council groupie explained the logic behind McCann's stubbornness.

"He's in denial," said the man.

Journal Square Councilman Joseph Rakowski said there are

a lot of people who just want the mayor to step down. Even those who voted for him.

"One woman told me, 'As much as I wanted him in in 1989, that's how much I want him out now,'" said Rakowski.

Supreme Court gives McCann a reprieve

Continued from Page 1

failed to raise questions about the law substantial enough to warrant the mayor's reinstatement.

They gave him just 20 minutes to ask the Supreme Court to stay their decision pending appeal.

Out to the public phones the lawyers dashed. Deputy Attorney General Richard Carley, seeking to remove McCann on behalf of the state, called his office. Boylan called the Supreme Court.

At times, the two attorneys were exchanging legal documents in a frenzy, reading the Appellate Court's order to their respective parties on the other end of the line.

Boylan finally won his reprieve.

"We will do all that we can to repair the damage that's been done to the image of Jersey City," said O'Dea before the television cameras.

"There is a point in time when you need to show some class so that the people of Jersey City would have a lasting memory of you going out in style," he added.

Referring to Monday night's attempted appointments, which the city council rebuffed, he said, "That's Gerry McCann. He hasn't changed."

McCann has remained conspicuously low profile since his conviction, though has tried to create the impression that day-to-day business continues at the helm.

Press releases for various events — like the grand opening of a new city water tank or a Christmas pageant in the council chambers — have promised the mayor's attendance but have consistently failed to deliver.

He has been in his office fairly regularly for the past month, and has recently met with several council members to discuss the municipal budget.

But the mayor has not spoken to the media since his conviction, and has dismissed reporters with the wave of the hand when spotted rushing down City Hall stairwells.

McCann's last-gasp appointees unashamed

By Dan Rosenfeld
Journal staff writer

The men and women appointed by convicted Jersey City Mayor Gerald McCann as the state moves to oust him say the 11th hour nature of the appointments does not diminish the importance of their posts or convince them to resign the assignments.

McCann appointed 21 people to city boards and commissions Friday just hours before he was scheduled to forfeit his office under judicial order — an order that is still being debated by the courts.

He continued the appointments Monday over the objections of angry city council members. Acting Corporation Counsel Joanne Monahan told council members that they have no legal grounds to oppose the appointments.

And neither county nor state officials are planning moves to halt the rash of appointments. Yesterday's stay from the New Jersey Supreme Court leaves McCann free to continue.

Freeholder Nidia Davila-Colon refused a McCann reappointment to the Jersey City

Development Corporation, where she had been a hold-over for more than a year. Colon reportedly told McCann that she did want to be tainted by accepting the post.

McCann appears to be filling city jobs with allies who could give him political clout even if imprisoned. But the handful of appointees who agreed to be interviewed said McCann was mostly reappointing quality people.

"Everybody on the list is pretty much an old appointment," said Barbara Bromirski, who was reappointed to the Board of Adjustment. "I don't think there are ulterior motives to the majority of these appointments."

"I do what I feel is in the best interest of Jersey City and he respects that," she said.

Bromirski was first appointed by former Mayor Anthony Cucci to the Board of Adjustment in August, 1986 as an alternate. She was made a full member in June, 1987.

"The same thing with my brother Bill," she added of William Bromirski, who's on the planning board. "He was first appointed to the planning board by Paul Jordan."

Michael Smarro, who was reappointed to

the Construction Board of Appeals, said too much is being made of the mayor's moves.

"I don't see anything wrong with it," he said.

Many of the appointments have been in the works for months, appointees said.

"It bothers me that people think that he pushed this through for his benefit," said John Sasso, who was appointed to the Environmental Commission. "I sincerely want to do something for the city."

Other appointees did not want to become involved with Jersey City political intrigue.

"I really don't have comments to talk about what's going on with the mayor," said Adelaide Dear, who was reappointed to the Library Board, of which she has been a member for 15 years.

Appointees and political observers said McCann is only doing what every Jersey City mayor does at the end of a term.

"Whenever there's a politician who's going out he makes appointments at the end," Sasso said. "Go and look at the last days of Tommy Smith, Cucci and Jordan. They all made appointments in their last days."

Spath found innocent

Continued from Page 1

jury back into the jury room until the Pannell family was escorted by Sheriff's deputies out of the packed courtroom.

Spath, 31, locked into a bearing with his lawyer, Robert Galantucci, before going over and embracing his wife, Nancy. Mrs. Spath broke down into tears.

Galantucci told reporters as he left the courtroom: "We had something on our side the state of New Jersey didn't have. The truth."

Prosecutor Glenn Goldberg was not immediately available for comment. He quickly left the courtroom.

Spath, a Teaneck policeman for more than nine years, shot Pannell on April 10, 1990. He and his partner responded to a report in Teaneck of a youth with a gun and chased Pannell when he fled.

Prosecutors contend Pannell, of River Edge, had his hands raised over his head as if in surrender when he was shot. Spath said he fired in self-defense because the teen-ager had his hand on a gun in his coat pocket and was turning to shoot.

After deliberating for more than an hour, jurors sent three requests to the judge, including one asking for another explanation of self-defense.

Women drawing hope from Tyson verdict

Continued from Page 1

was sexually explicit with her and other contestants at the Miss Black America pageant.

"The Indianapolis jury acknowledged the right of a woman to think of herself as something more than a piece of meat, to think of herself as a human

being whose body is her own," said Lynn Schafran, an attorney with the NOW Legal Defense and Education Fund. "That was important... necessary."

Over the months, issues of sexual harassment and acquaintance rape have been brought into focus. That's heal-

thy, activists say. More troublesome to many women, however, has been the discouraging bottom line.

"It was getting hard to have much faith that a woman could ever win," said Barbara Otto of 9 to 5, a national organization for working women. "Society still

has this problem with women 'wanting it' or 'asking for it.' In a way, that's what makes this victory even more resonant."

Still, it was a victory tempered by questions of racism.

"Historically, this country has been much more willing to accuse and find black men guilty of rape," said Mary Beth Maxwell, who deals with sexual assault issues as a director of the U.S. Student Association.

"We have to ask: If he had a different last name — like Kennedy — or the color or his skin was different, then would Tyson have been convicted?" she said. "It isn't about race. The message is that women must come forward."

Rape remains the most under-reported of all major crimes. Only one in 10 sexual assault victims files a complaint with police, according to the National Victim Center in Washington. Of some 100,000 such complaints filed last year, only a fraction went to trial.

Claire Walsh, a counselor and expert on acquaintance rape, has guided many victims through the often degrading process of prosecuting their assailants. She was encouraged by the Tyson verdict, but only slightly so.

"I would like to consider it as the door opening and letting in the light of change. But I'm not that optimistic," said Walsh, who directs a rape prevention program in St. Augustine, Fla.

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■ **School board sets workshop for line-by-line review of 1992-93 budget** Page 2

■ **Prosecutor: Gotti blasted way to top** Page 11

Jersey City State closes in on NJAC men's hoop title Page 33



THE JERSEY JOURNAL

125th Year — No. 246 ★ ***

Thursday, February 13, 1992

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Violations Bureau in scandal

Supervisor and clerk accused of stealing

By Peter Benedict
Journal staff writer

Bayonne police have arrested the longtime chief of the city's Municipal Court's Violations Bureau and another employee on charges of stealing approximately \$2,600 through a faulty record-keeping scheme.

Arrested was Joan Caputo, 59, supervisor of the Violations Bureau for about 10 years. She was taken into custody Tuesday night at her West 32nd Street home and charged with one count of official misconduct, said police.

Apprehended Monday in the bureau was clerk Alina Bygonaise, 45, of Kennedy Boulevard in Bayonne. She was charged with seven counts of tampering with public records and seven counts of official misconduct, said police.

The arrests bring to a head an investigation, authorized by Mayor Richard Rutkowski, that started in early December when another bureau employee was arrested on theft charges, police said.

The investigation is continuing, they added. Investigators must wade through boxes of records confiscated from the bureau.

"The investigation is wide open, and there's a lot of work to do, an awful lot of work," Police Chief James Sisk said yesterday.

"The allegations we're looking at may go back as

See VIOLATION — Page 14

A million new cases of AIDS

Heterosexual sex cited in 90 percent

By Clare Nullis
Associated Press writer

GENEVA — More than 1 million people contracted the virus that causes AIDS in recent months, 90 percent of them through heterosexual intercourse, the World Health Organization said yesterday.

In a chilling assessment of the spread of the AIDS epidemic, the U.N. health agency predicted the disease will soon become the main cause of premature death in many Western cities and will leave up to 10 million African children orphaned by the end of the decade.

A WHO report on the "Current and Future Dimensions of the HIV-AIDS Pandemic" said by early January, 10-12 million people had caught the human immunodeficiency virus. This was 1 million higher than the previous assessment in April. The new figure included 1 million children.

It can take 10 years or longer for a person infected with HIV to develop AIDS symptoms. Most people diagnosed with AIDS die within a few years.

It said an estimated 2 mil-

See MILLION — Page 4

McCANN OUT



Gerald McCann, shown here during a break from his federal trial in Trenton on bank fraud and tax evasion charges, has lost his final appeal to remain mayor of Jersey City.

Supreme Court makes final ruling and Roman becomes acting mayor

By John Petrick
Journal staff writer

The New Jersey Supreme Court forced Gerald McCann to step down as Jersey City's mayor yesterday. The ruling comes six days after he began last-ditch efforts to remain in office following his conviction for bank fraud and tax evasion.

City Council President Marilyn Roman automatically became acting mayor upon the court's decision and is the first woman mayor in Hudson County history. She will also retain her position on the council.

The court, unanimously and without elaboration, refused to delay Superior Court Judge Arthur D'Italia's Friday order for McCann to leave office.

The state Attorney General's Office went to court to oust McCann in accord with a state law which removes convicted felons from office.

McCann took his last-ditch battle to the Supreme Court Tuesday after an appeals court reinstated D'Italia's order which had been temporarily stayed. The justices came to their decision yesterday morning during a conference call on the case, a spokesman said.

There are no other legal channels McCann can pursue, according to his attorney, Matthew Boylan.

"The battle appears to be over," said Boylan. "He took it in a calm and measured manner," he said, referring to McCann.

McCann could not be reached at his Port Liberte home, his parent's Greenville house or at City Hall.

The state forfeiture law, which the Attorney General's Office cited in a bid to oust McCann, says municipal officials must be removed by the court after conviction or upon sentencing.

Boylan argued that because McCann was convicted in federal court, only a federal judge could decide when he was to be removed.

McCann made no public comment yesterday and has largely avoided the press since his Dec. 17 conviction for federal bank fraud and tax evasion. The flamboyant 41-year-old's low profile has been at odds with his customary flair for the dramatic, particularly under fire.

See SUPREME — Page 4



"My management style is a lot different than Gerry McCann's."

Marilyn Roman
Acting Mayor



"I wish the citizens of Jersey City the best of luck under the leadership of a new mayor."

Michael Chertoff
U.S. Attorney

Reactions to top court's ruling

- Many Jersey City Police officers apparently happy to say farewell to the mayor who frequently angered them **Page 15**
- Nearly everyone waited anxiously for the word from Trenton, but few were surprised by the final edict **Page 15**
- New Mayor says her background as a school teacher and disciplinarian has given her some preparation for the job as chief executive **Page 15**
- Hudson Beat draws a comparison between the final days of Hitler in an underground bunker and the end of McCann **Page 15**

Council's challenge may unseat Roman

By Peter Weiss
Journal staff writer

While the Jersey City Law Department recognizes Marilyn Roman as the city's acting mayor, some of her colleagues disagree and said they may challenge her position in court.

"She doesn't hold office," said Journal Square Councilman Joseph Rakowski, who stopped short of saying he will initiate court action to block Roman from acting as mayor. But several City Hall sources said he is among a number of council members who have discussed that prospect.

Downtown Councilman Jaime Vazquez, who has pro-

posed himself as interim mayor, also said he opposes Roman.

Court action "appears quite likely," agreed Acting Corporation Counsel Joanne Monahan, who issued the opinion that Roman became acting mayor upon yesterday's state Supreme Court decision stripping Gerald McCann of the mayoralty.

McCann, convicted of fraud and tax evasion in December, had been ordered out of office last week by Superior Court Judge Arthur D'Italia. McCann had exhausted all appeals of that decision yesterday when the Supreme Court ruled.

Roman said she hopes the

See COUNCIL — Page 4

Inside

WEATHER:



Today: Cloudy, snow, rain likely, the low 30s
Tonight: Snow, rain ending.
Lows from mid 20s
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No unemployment check for ex-mayor

State considers McCann ineligible because job loss was his own fault

By Dan Rosenfeld
Journal staff writer

Out-of-work, convicted ex-Mayor Gerald McCann will not be shuffling his feet in the unemployment line.

McCann, who said he fought the order forcing him from office because he has no other meal ticket, does not qualify for unemployment benefits.

McCann told The Associated Press Tuesday night that he could not afford to give up his \$62,000-a-year salary.

"Quite literally, I become unemployed," McCann said. "I have responsibilities to my family. Nobody bothers to consider that once I go off the payroll, I'm off the payroll."

McCann's tax evasion conviction may also lock him out of his former career as a certified public accountant.

While all New Jersey employees pay into the fund for unemployment insurance, not everybody qualifies for those benefits.

"If a person provokes the firing, then they don't qualify," said Gene Herman, a state Department of Labor spokesman. "The system was created to provide assistance to those who need help if they become unemployed through no fault of their own."

Employees who lose their jobs because they are caught stealing from their companies and are convicted of that crime cannot get unemployment checks, Herman said. This principle applies in the McCann case, he added.

"The department's policy is that if the individual files for unemployment benefits under circumstances where that individual has been convicted of violating the public trust, he will be determined to be ineligible for unemployment benefits," Herman said.

Politicians who abuse their

office should not be able to cash in on social programs, he added.

"The commissioner feels very strongly about this," Herman said.

The state Board of Accountancy had not started the process of revoking McCann's license as of a few weeks ago. The American Institute of Certified Public Accountants declined to comment on the ramifications of a tax evasion conviction of one of its members.

But accountants said no firm would touch such a tainted member of their profession. Clients could place little faith in an accountant whose own returns resulted in federal convictions, accountants said.

Supreme Court ends McCann's tenure as mayor

Continued from Page 1

While he relentlessly appealed Friday's ruling through the week in every venue available, he attended none of the court proceedings.

McCann was convicted of 15 federal offenses, including mail and wire fraud and tax evasion. A sentencing date has not been set.

U.S. Attorney Michael Chertoff, who argued the government's case against McCann, said he agreed with the attorney general's ouster of McCann.

"I wish the citizens of Jersey City the best of luck under the leadership of a new mayor, whoever that may be," said Chertoff.

The case brought by Chertoff accused McCann of defrauding a Florida savings and loan of more than \$267,000 of a \$300,000 investment in a development firm founded by McCann. The money was to be used to develop a marina at Liberty State Park in Jersey City, but was instead used by McCann for personal pleasures, a jury found.

The crimes occurred from 1986 to 1988, between McCann's terms as mayor. McCann lost

the mayoralty in 1985 but was re-elected in 1989.

"I agree with the observation of Superior Court Judge D'I-talia that the citizens of Jersey City have a right to a mayor who is untainted by multiple felony convictions for fraud, tax evasion and false statements," Chertoff added.

Asked for a sentencing date has not yet been set before U.S. District Court Judge John C. Lifland, Chertoff said it takes time to prepare a pre-sentencing report. New court guidelines require that the report be prepared before a sentencing date is set.

That, in combination with the trial's completion during the holiday season, has delayed completion, he said. He anticipated sentencing in early March.

Roman will remain acting mayor until a special election in November unless the council picks another interim mayor in the next 30 days.

Roman, a former county freeholder, is also a full-time administrator in the state-operated city school district.

School Superintendent Elena Scambio said she did not expect

Roman's position as acting mayor to cut into her school time.

Scambio, who clashed several times with McCann over budget and other issues in the past two years, said yesterday McCann should have stepped down earlier.

"Upon his conviction, the mayor had the moral obligation to the citizens of Jersey City to step down from office. He was judged by a jury of his peers, and he should have stepped down at that time," she said.

Other officials expressed relief over the Supreme Court ruling.

"I think I can finally say that the City of Jersey City now has the opportunity to put this chapter behind itself and begin to address the very serious problems facing its people," said Downtown Councilman Jaime Vazquez, who has said he wants to be named interim mayor.

"I'm relieved that it's over. It got embarrassing over the last five days," said West Side Councilman Bill O'Dea.

"It's not going to get easier now. We have to put our heads together and put an interim mayor in there. There is a lot we can accomplish."



On election night 1989, a victorious Gerald McCann is flanked by the smiles of Councilwoman-elect Marilyn Roman and Gerard McCarthy, who would later become Jersey City's police director.

Council challenge could wrest mayor's post away from Roman

Continued from Page 1

council can agree on an interim mayor and that she will be acting mayor for only a few days.

"I plan to do whatever is necessary," said Roman. "I don't plan to turn the city upside down in the next two days."

Roman said she does not want to be selected as interim mayor, and does not think it should be any member of the council.

The council had already scheduled a meeting for Monday to discuss the budget.

West Side Councilman William O'Dea said he plans to add a resolution to the agenda naming an interim mayor. He said he does not know yet

whom he will propose.

O'Dea said he's optimistic the council will agree on an interim mayor within a week. He said he has no problem with Roman's serving as acting mayor until then.

But at least two legal opinions contesting Roman's right to be acting mayor for any period of time have been issued by attorneys on behalf of political figures.

"I strongly disagree with the Acting Corporation Counsel's view... that the president of the City Council becomes acting mayor at any time," said attorney Howard Moskowitz, in a memo to Vazquez.

Vazquez said he fears that Roman, a former staunch ally of McCann, "would be a continuation" of administration policies he opposes. A group of Hispanic leaders in Jersey City this week endorsed Vazquez for interim mayor.

"Under current law, no acting mayor assumes office upon a vacancy. It is up to the Council to fill or not to fill the vacancy within the prescribed time, for the temporary period until a special election," said Moskowitz.

The council has 30 days in which to select an interim mayor. Five council votes are needed.

City Clerk Robert Byrne said the 30-day period starts today.

If the council cannot agree on an interim mayor or within 30 days, Monahan said, Roman, as council president, continues to serve as acting mayor until a special election is held on Nov. 3, the next general election.

However, the council earlier this week adopted an ordinance requiring it to reorganize annually on July 1. If someone else is picked as council president at that time, he or she would become acting mayor if no interim mayor is selected, under Monahan's ruling.

Agreeing with Moskowitz is the opinion by attorney Thomas Calligy of Hoboken, rendered for Hudson County Freeholder Louis Manzo. The freeholder, who has said he plans to run for mayor, has urged the City Council not to pick an interim mayor and to hold a special election as soon as

possible.

"The president of the City Council is not the acting mayor," said Calligy. "There is no provision for an acting mayor under the Faulkner Act (which regulates Jersey City's form of government) because it has adopted the Municipal Vacancy Law."

Calligy also argued that in the event no interim mayor is picked by the council within 30 days, a special election for mayor must be held between 45 and 50 days later.

Monahan maintained the special election would be held in November, regardless of whether an interim mayor is picked before that.

Moskowitz contended the special election would be held Nov. 3.

Monahan said she has seen both Calligy's and Moskowitz's opinions and that neither has caused her to alter her own opinion about Roman's becoming acting mayor.

Greenville Councilman Vincent Signorile, the only lawyer on the council, concurs with Monahan. He agreed that "there are a number of issues that may be litigated. We're treading into areas not frequently ruled upon before."

Signorile said the council should start considering an interim mayor as soon as possible.

"We've already gotten one black eye," said O'Dea. "If we spend the next 30 days bickering over an interim mayor and don't pick anyone, we'll get another black eye."

Million new AIDS cases reported

Continued from Page 1

lion cases of AIDS had occurred since the disease became known in the early 1980s — 500,000 more than reported by the U.N. agency in April.

The agency estimated that about 1 million people in the United States have been infected with HIV as of early this year.

"By 1992, an estimated 1.6 million HIV infections may have occurred in Australasia, North America and Western Europe, about two-thirds of these in the United States," it said.

The report reiterated projections that by the year 2000, 30 to 40 million people will have contracted HIV. "In other words, WHO estimates that infections will at best triple and at worst quadruple in just eight years time," it said.

Michael Merson, head of WHO's AIDS division, said an aggressive prevention campaign

would save millions of lives. In particular WHO wants to drive home the message that condoms must be used in all casual sexual relationships.

Underlining its fears that heterosexual adults are at growing risk of AIDS, WHO said 90 percent of all new adult HIV infections since April were the result of heterosexual intercourse.

WHO said even in industrialized countries, where the virus used to be concentrated in the homosexual and drug-using population, there was a growing trend toward heterosexual transmission.

For instance, in the United States heterosexual intercourse accounted for 3 percent of all reported AIDS cases in 1985. By 1991 this had doubled to 6 percent.

It said the increase in HIV-positive women had led to an upsurge in infants who contracted the virus while in their

mother's womb. About one-third of the 20,000 babies born to infected mothers in the United States from 1980 to 1990 were estimated to have the virus.

"In many large cities in (southern Asia), North America and Western Europe, AIDS has become a major cause of death for adults aged 20-40 years," it said. "During the 1990s HIV-related disease will be among the leading causes, if not the leading cause, of death in this age group."

It said that since 1988 AIDS had killed more 25-34 year-old men and women in New York City than anything else.

It said there were big differences in the relative proportions of AIDS cases among homosexual men and injecting drug users.

On the U.S. West Coast, about 90 percent of AIDS cases have been diagnosed in homosexual men, while on the East Coast, the figure was about 60 percent.

Study shows AZT can slow onset of AIDS

BOSTON (AP) — People with HIV who receive the drug AZT early in their infections postpone the development of AIDS, but die just as soon as those who start the medicine later, a study concludes.

The study was intended to settle the question of when people infected with HIV, the AIDS virus, should start taking AZT.

But it failed to provide a clear answer.

During 2½ years of follow up, it found that those with early treatment reduced the development of full-blown AIDS by nearly half. But once AIDS developed, they tended to go down hill faster. And their survival at the end of the study was 77 percent, slightly worse than those

who began treatment later.

The study, directed by Dr. John D. Hamilton, was conducted at Veterans Affairs medical centers in eight cities. It was published in Thursday's New England Journal of Medicine.

The researchers said they were uncertain how doctors should use AZT.

Violations Bureau chief arrested

Continued from Page 1

involved entering in the computer, when a payment was received, a smaller fine than the amount the judge had set in court, Deputy Police Chief Patrick O'Reilly explained.

After the Piggot arrest, Rutkowski authorized police to hire the accounting firm of Donohue, Gironda and Doria to audit the bureau's records, said Sisk.

He said the Hudson County Prosecutor's Office was also alerted.

In checking only the first seven accounts of a group of 350 deleted and unpaid accounts, police found the computer entries were lower than the judge's penalties by about \$2,600, said O'Reilly.

This is only a portion of hundreds of other accounts that will be checked by Bayonne detectives and the total amount stolen could be higher, officials said.

The alleged embezzlement scheme used in the theft of the \$2,600 and of the \$135 essentially

involved entering in the computer, when a payment was received, a smaller fine than the amount the judge had set in court, Deputy Police Chief Patrick O'Reilly explained.

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McCANN OUSTED

Gone, but not missed

City police relieved it's over

By Stan H. Eason
Journal staff writer

"He's like Jason from Friday the 13th: No matter how many times you kill him, he keeps popping up again. We're ecstatic that he's gone, but we feel he may pop up again."

That was one Jersey City police officer's reaction to the news that convicted felon Mayor Gerald McCann was finally forced out of office yesterday, nearly two months after being found guilty on tax evasion and mail fraud charges.

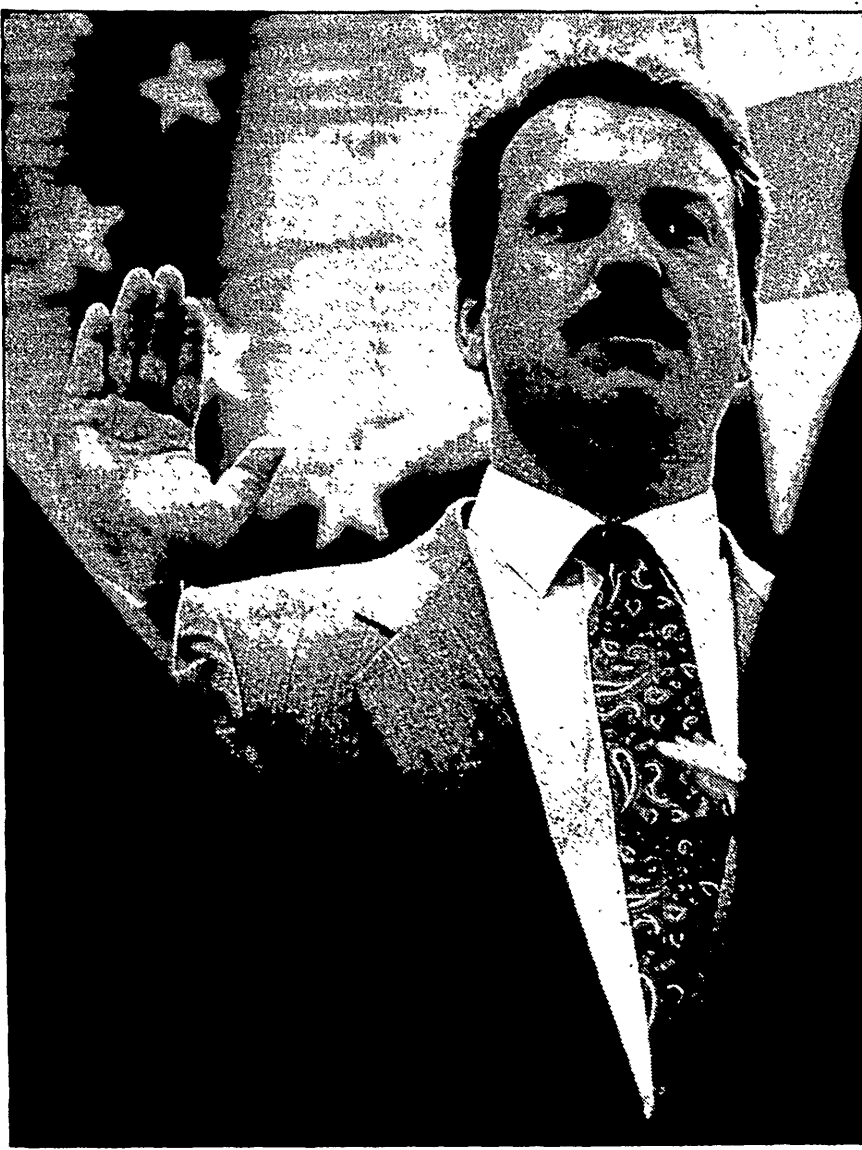
McCann has long been at odds with the majority of the Police Department. His decision to lay off 50 officers a year ago, his plan to eliminate the rank of lieutenant and his outspoken criticism on the lack of intelligence and physical condition among the police have put City Hall and the department in adversarial roles.

McCann's infamous reign as mayor of Jersey City came to a decisive end yesterday. On Dec. 17, 1991, he was found guilty on 15 of 16 counts of tax evasion and fraud, sparking rallies to have him removed from office immediately.

It appeared he would be kicked out of City Hall on Friday and on Tuesday. But the actual boot came yesterday, ending a series of roller-coaster reactions in the Police Department.

"This is long overdue," one patrolman said anonymously. "He totally devastated the Police Department. Because of his vindictiveness against the police, it's the people of Jersey City who have been getting hurt."

Members of the police force who have been without work for more than a year since being laid off last February were also hurt. In an



Former Jersey City Mayor Gerald McCann, shown here during his July 1989 swearing-in, was ordered out of office yesterday by the New Jersey Supreme Court. Around the city, people's reactions could be summed up in one word: celebration.

article in yesterday's edition of The Jersey Journal, McCann acknowledged the reality of unemployment, stating that he can't afford to give up his \$62,000-a-year salary.

"What about the 50 police officers he laid off? They had families. He's looking for compassion for his family and for his financial obligations, but he showed absolutely none for those cops," said Sgt. Tom Scheider. "As a mayor, his effect on this

department has been disastrous. And unless there is a complete change in the upper echelon, there won't be a change."

McCann's edict laying off 50 cops because "there wasn't enough money in the budget" spelled disaster for many, including Police Officer Myra Quiles, who had been on the job two years when she got the ax. Quiles was separated from her husband just prior to getting laid off and she's had to raise her three children on her own.

"It infuriated me when I read that he was worried about being unemployed," Quiles said. "I tried to make a personal plea to him and it did no good. He didn't think about our family when he laid us off. I have no sympathy for the man."

Just prior to roll call in one of the four city precincts, police jokingly asked for a moment of silence for McCann. One officer said, "Sure, I'll give him a moment of silence — but only after a six-pack."

After dealing with 7-year-olds, Roman ready for City Council

By John Petrick
Journal staff writer

There may be a certain symmetry to teaching second grade and being the mayor of Jersey City.

If so, Acting Mayor Marilyn Roman is qualified for the job.

Roman, with good humor, will be the first to admit that her school disciplinary persona occasionally surfaces when chastising political opponents from the City Council dais — or reporters over proper usage in news stories.

Roman, the first woman mayor in Hudson County, says her 18 years in the Jersey City public school system will work to her advantage while she is temporarily at the municipal helm, though she is referring more to her administrative role in the school system.

Though spit balls and clapping erasers were absent, the council chambers have at times appeared more like romper room. Roman has presided over meetings that have culminated with all the members of the council screaming and cursing at each other.

Various members of the governing body decided they didn't want to play anymore at a meeting in December, which was highlighted by personal attacks on council members.

More than once, groups of allied council members stomped out the door, leaving behind a baffled city clerk who did not know whether the meeting was over or just beginning. It wasn't necessarily unusual, just an example of government at work.

But how will government work now? "My management style is different than Gerry McCann's," said Roman. While she has no rigid agenda, she said she plans to call a special meeting of the City Council to decide who will be interim mayor.

Roman is currently director of the school district's Education/Business Alliance, which creates partnerships between private industry and public school children.

The Marilyn Roman file

- Age: 55
- Residence: Jersey City.
- Family: Married, two sons, three grandchildren.
- Education: Lincoln High School, 1953; Jersey City State College, degree in elementary education, master's in urban education; certificate in administration and supervision.
- Career highlights: Joined Jersey City public school system in 1974, teaching elementary school for 11 years; served as an elementary supervisor with the school district; currently director of the district's Education/Business Alliance; City Council president, 1989-present; Hudson County freeholder from 1985-1991; former president of the Everett Terrace Neighborhood Association.

The alliance sharpens students' job skills and often places them with various firms.

"I do a lot of management here," she said. "We do a lot of team-based work. Whoever eventually serves until November will need that. You have to put a lot of the politics aside and put the city on an even keel."

She accepted Gerald McCann's offer to be a running mate in March of 1989 after he convinced her that it would help him win. For several months, she had considered running for mayor, but dropped the plans because she was unable to acquire adequate funding, according to media reports at the time.

Roman served as a Hudson County freeholder from 1985 to 1991. Before that, however, she says the closest she came to any political position was her 10-year stint as president of the Everett Terrace Neighborhood Association.

The 55-year-old lifelong Jersey City resident is married, with two sons and three grandchildren.

She graduated from Lincoln High School in 1953 and received a degree in

elementary education in 1974 from Jersey City State College. She also received a master's degree in urban education from JCSC with a certificate in administration and supervision.

After 11 years of teaching, she became an elementary school supervisor, advising and evaluating teachers. From there, she moved into her current position with the business alliance.

Roman's stormy relationship with anti-administration members Bill O'Dea and Jaime Vazquez has left its mark on meetings of the council.

Vazquez recently sponsored an ordinance that changed the term of council president. In its original form, it would have threatened Roman's position this month. The measure would have made the position renewable each year in February.

Roman called it a "mean-spirited attempt" to remove her right as McCann would likely be forced from office.

The measure was revised, shortening a president's term to one year but requiring reorganization each July instead of February.

It is now conceivable that as acting mayor Roman could even veto the measure, adopted just this week.

One of the stormiest battles Roman faced was in filling the vacant council seat of Efrain Rosario, who died last fall. Roman was accused by O'Dea and Vazquez of trying to ram through a McCann appointee, Hudson County Freeholder Nidia Davila-Colon.

Roman, as council president, hastily scheduled a special council meeting and placed Davila-Colon's nomination on the agenda. Five council members boycotted the meeting, and Colon lost the spot.

The state's 30-day deadline to fill the post expired, and the seat must now remain vacant until November.

Only time will tell if that piece of history repeats itself in choosing an interim mayor. The rules are all the same.

The Fuehrer that couldn't

The little fuehrer had shaved his mustache in the hopes of presenting a new face to his beloved public. The face of a kinder, gentler dictator.

But Gerry still ruled Jersey City with an iron fist, threatening to fire his closest advisors. And doing just that.

They shook in their boots, jumping at his every command — up until the very end, when the bunker was surrounded and the enemy descended.

Imagine what those last desperate days were like inside the City Hall bunker.

HELENE STAPINSKI



HUDSON BEAT

Gerry, sans mustache, sits in a makeshift strategy room, plotting his revenge and barking commands at his nervous underlings.

"Achtung, baby," he yells, as they snap to attention.

City workers can hear his shrill voice escaping from Room 222 as he screams wildly at his dwindling staff.

With pointer in hand, he rises and strides over to the large blackboard hanging on the wall.

On one side are the names of those city workers who've been on holdover — those poor souls he's refused to re-appoint this year, just so he can lord his power over them.

"It's like an anvil hanging over their heads," a city official explains. "He doesn't officially re-appoint them. That way if they turn against him, he snips the cord, and — wham!"

Gerry, who has no need to torture these people any longer, uses them to exert what little power he has left. He re-appoints them.

His loyal aides scamper downstairs to the City Clerk's office, delivering the "secret" pieces of correspondence that will place them in permanent positions.

On the other side of the blackboard are the names of those who must go.

One name that's already crossed out is Gerry's former right-hand man, Harold.

Harold, who's been through the indictment game himself and survived, helped Gerry develop his defenses.

But some say Harold was hungry for his own power. His own glory.

When Harold became too friendly with the enemy — the City Council — Gerry dropped the anvil.

Goodbye, Goering.

The bunker becomes a bit claustrophobic as the enemy closes in.

Freedom fighter Bill O'Dea gives interviews to the press as Gerry devises a scheme to escape from the building without having to answer questions.

He draws complex diagrams and examines City Hall blueprints.

But the pressure is on and the clock is ticking. It's bad enough the Attorney General is still breathing down his neck and the City Council is stabbing him in the back; now the photographers and reporters stand in the freezing cold and in the quiet hallways, waiting to attack.

Thank God the Russians have their own problems these days.

Gerry demands the reporters be removed, and his followers jump at the chance to hurl them from the cold, stone building.

When the coast is clear, Gerry escapes. But no one's quite sure how he does it.

Look-alikes, chosen as stand-ins for Gerry, flee the building with raincoats draped over their heads. It's unclear who the real Gerry is.

His bodyguards have been working night and day behind those locked doors, digging the tunnel that leads from his office down to the garage.

But it's much more likely Gerry travels down the garbage chute from a second story window. After dark, it's hard to notice him amid the construction debris in the dumpster.

From there he makes his getaway in his Mercedes Benz to his luxury home on the Jersey City waterfront.

As the last hours approach and all is lost, Gerry returns to the bunker and gets down to his final order of business — lining up the tubes of Krazy Glue and the jars of urine.

The locks and carpets at City Hall will never be the same.

Like Jersey City itself, they'll be stained forever by the little fuehrer.

Residents welcome departure

By Helene Stapinski
Journal staff writer

Some Jersey City residents enjoyed a day off yesterday for Lincoln's Birthday. But celebrating the life of a dead president wasn't all that brought them joy.

Their own leader was dead yesterday — politically, that is. Uptown and Downtown, Westside and along the waterfront, Jersey City residents were expecting Mayor Gerald McCann to leave office at any minute.

Though he held on to his political life for as long as possible, McCann was fading fast this week. The City Council, even those who ran on his ticket, had turned against him. It was just a matter of time.

When the final blow came yesterday morning, no one was surprised. City Hall's doors were locked shut for the holiday, so city workers got the word at home. Those who had to work heard the news just in time for lunch.

Some people darted in and out of the freezing temperatures, shopping at President's Day sales.

Smiles stretched across frozen faces as residents heard Gerald McCann was no longer mayor.

Though a scarf covered Robert Dilleshaw's face, it was obvious by the light in his eyes and his muffled words that he was pleased.

"That's the best news I've heard since Abraham Lincoln was elected. And I heard that second-hand," said Dilleshaw, a Heights resident.

"The city is down the tubes. It would take a real messiah to bring it back," Dilleshaw said. "Even though I'm an atheist, I'm praying for an Abraham Lincoln to make a comeback."

Despite their doubts that a competent leader exists somewhere out there, residents agreed that the city will certainly be better off without McCann.

"Yes. Yes. There's plenty of hope," said Terry Moultrie, a hairdresser. "It's a new city. Maybe now we can get something done."

The city, she said, needs a leader who will solve the real problems: crime, drugs, racism, homelessness and a housing shortage.

Just who that leader will be, no one's quite sure.

"We need a very good mayor," said Marilyn Shapiro. "Exceptionally good. Will we get one?" Shapiro laughed loudly and shook her head. "No."

Some couldn't believe McCann had hung on as long as he did. Others were still in shock from the 1989 election.

"The only way he got in was because he was running against a black man," said Steve Zeniou, who is retired. "The people of Jersey City got what they deserved. Everybody knew what McCann was like when they voted for him."

Now that McCann is gone, what does the city need?

"If you want to get into cliches, we need a clean sweep," said Zeniou. "It can't get any worse, so there is hope."

Amidst the insults and smirks, there was one glimmer of mercy. "McCann should still be mayor," said Michael Perrier, a former Sewerage Authority employee. "He did a lot of good things while he was mayor."

Perrier cited development and road repairs. "If he got another chance, he could improve the city even more," said Perrier.

But Americo Colon, who lives across the street from City Hall, pointed to the stone building and shook his head, voicing a much more popular opinion. "He was no good," said Colon. "He steals too much money over there. I'm glad he's gone."

HUDSON LIFE

A word to the wuss is politically sufficient
Page 17

BAYONNE TIMES EDITION

SUPREME COURT:
• Rules victims' families can sue tobacco companies in state courts Page 14
• Bans prayer at graduation ceremonies Page 14

SPORTS FINAL

Gooden's pitching, hitting spark Mets' victory
Page 25

McCann gets 33 months

Sentence may dash backers' last hopes

By Peter Weiss
Journal staff writer

The sentencing of Gerald McCann puts yet another barricade between him and Hudson County politics. It could be what breaks the dam of resistance to the idea that McCann is finished politically.

NEWS ANALYSIS

His sentencing on bank fraud and tax evasion charges is another splash of reality on those people who harbored the thought, or dream, that McCann would somehow return to lead them in political battle.

They were confident he would beat the charges. He didn't. They were hopeful the verdict would be reversed and a new trial ordered. It wasn't.

Soon he will be in prison, physically removed from the scene as well as gone for practical purposes. He can never hold office again.

In the four months since McCann was forced out of office by the courts (two months after his conviction) the political sense has been that Jersey City was in a holding pattern.

Marilyn Roman was one of McCann's staunchest political allies. While she has made a few changes, her administration bears significant resemblance to the McCann administration. Most key McCann political aides are still in prominent positions in city government, and the McCann political apparatus continues to exist, if somewhat diminished.

With McCann now one more step out of the picture, it will be harder to hold together what could still be called the McCann forces.

The next big test comes on Wednesday, when the City Council holds its annual re-organization meeting.

Roman has been acting mayor because she is council president. If someone else is chosen council president, that person will become acting mayor until the November special election to fill the remainder of McCann's term.

Right now, there is no clear-cut favorite to become council

See SENTENCING — Page 8

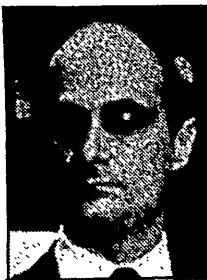


"I want to apologize to my family for any suffering or embarrassment that they have gone through... I want to apologize to the city..."

Gerald McCann
Former Jersey City Mayor

"He disgraced himself, he disgraced his office, he disgraced his city, and he can reflect on that for the next three years."

Michael Chertoff
U.S. Attorney



No parole; must repay \$170,000

By Michael Finnegan
Journal staff writer

NEWARK — Former Jersey City Mayor Gerald McCann was sentenced yesterday to two years and nine months in prison for fraud and other crimes arising from his botched effort to enrich himself as a developer, evade income taxes and cover up his misdeeds.

McCann, 42, was also ordered to pay \$170,000 in restitution for cheating a Florida savings and loan out of its investment in his ill-fated plan to build a marina, golf course and hotel in Liberty State Park.

Under federal sentencing rules, McCann will have no opportunity for parole and must serve almost his entire 33-month term behind bars. At best, his imprisonment could be reduced by about four months for good behavior.

U.S. District Judge John C. Lifland ordered McCann to surrender by Sept. 30 to a penitentiary to be chosen by the U.S. Bureau of Prisons. But McCann will ask to remain free on bail while appealing his conviction.

In brief remarks to Lifland, McCann expressed regret for the ordeal caused by his trial, but no shame for his misconduct.

"First of all, I want to apologize to my family for any suffering or embarrassment that they have gone through in this past year or so," McCann said.

"I want to thank all the people that have sent letters in support of myself. I want to apologize to the city for any embarrassment that it has caused them since this all occurred as I served as mayor of Jersey City."

McCann concluded by saying, "The jury has made their decision, and I'm standing here ready to accept any sentence you give me."

U.S. Attorney Michael Chertoff — whose visible contempt for McCann was fueled by McCann's frequent attacks on his integrity — called the sentence "strong punishment."

"He disgraced himself, he disgraced his office, he disgraced his city, and he can reflect on that for the next three years," Chertoff told a phalanx of reporters on the front steps of the courthouse.

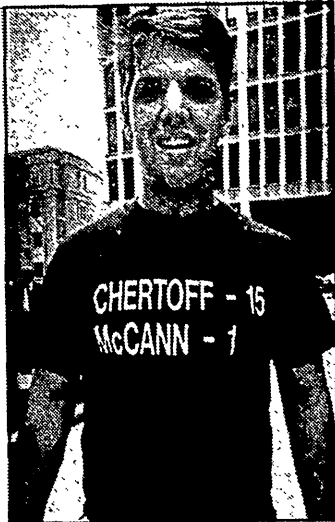
Lifland made no statement revealing his own opinion on the seriousness of McCann's

See NO PAROLE — Page 8



Gerald McCann walks through the rain to his sentencing yesterday in Federal Court in Newark.

Journal photo by Bill Bayer



Joe Leach Jr., a Jersey City police officer, wears a T-shirt referring to the 15 charges McCann was convicted of and the one he was acquitted on.

Apology to family and city, but Chertoff sees no regret

By Helene Stapinski
Journal staff writer

NEWARK — Former Jersey City Mayor Gerald McCann arrived in a white Cadillac and began his sentencing day with breakfast at a greasy spoon down the street from the federal courthouse.

As reporters asked what he thought his sentence might be, the once-brash McCann kept silent, afraid, he said, that his comments might influence the outcome.

Entering the courtroom at 10 a.m., he waved and smiled to his siblings and his white-haired mother, Betty, sitting in the front row.

The hearing had been moved from a smaller courtroom upstairs due to the large crowd and the failure of the air-conditioning. To save space, the press was asked to sit in the jury box.

"We've even got a jury," laughed Matthew Boylan, McCann's attorney. As the large hands of the Roman numeral clock indicated 10:15, the hearing began.

More than 100 people showed up, including longtime McCann aide Fran Smarro, McCann's sister, Barbara, and his former bodyguard, Joseph Roselle, who, police officials said, was on his own time yesterday.

FBI agents who investigated the case, IRS agents and disgruntled police officers laid off by McCann sat quietly as U.S. Attorney Michael Chertoff and Boylan, his reading glasses perched on the tip of his nose, discussed the 15 of 16 counts that McCann was convicted on.

Joe Leach Jr., a police officer laid off for a year who recently returned to

See MCCANN — Page 8

New Lincoln School principal being considered by ed board

By Peter Benedict
Journal staff writer

The Bayonne school board is considering a new Lincoln Community School principal for the third time in three years, angering parents who are worried it will create instability.

A top board member yesterday said the change was necessary because there will be an extra principal after two elementary schools are consolidated into the Midtown Community School next fall.

The superintendent of schools, who agrees with the parents, said he told the board last week that moving Lincoln Principal Charles Costello from his position would be improper, but the board rejected his recommendation.

"Mr. Costello has done an excellent job. I told the board I didn't feel it would be proper," said

Superintendent James Murphy. "I said it would not be wise to have three principals in three years — for stability."

The extra principal is Joseph Kubacz, of the Roosevelt School. That school and Roberson School will occupy MCS this fall, but the principal of MCS will be Roberson Principal Patricia McGeehan, not Kubacz.

Next fall there will be nine elementary schools and 10 principals. Because Lincoln Principal Charles Costello has the lowest seniority of the 10 principals, he can be bumped from his job if Kubacz exercises his legal rights.

"We're combining the two schools, and as a result of that combination, there's a surplus principal," Board Vice President Edward Borowik explained yesterday. "What to do with that principal

See LINCOLN — Page 4

Inside

WEATHER:



Today: Partly sunny skies, highs around 80
Tonight: Partly cloudy, lows in the low 60s
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Budget cuts could hit Liberty Park, AIDS

By Elaine Pofeldt
Journal staff writer

State budget cuts proposed by Republican lawmakers could result in the closing of Liberty State Park and the decimation of programs for AIDS treatment and job training for welfare recipients, according to state and local officials.

"There will be a lot of pain to go around," said County Executive Robert Janiszewski. "We're all scrambling to assess what the net effect is."

The \$14.6 billion Republican budget — a \$1.1 billion reduction over Gov. James J. Florio's plan — would slash funding for

programs ranging from the Homestead Rebates on property taxes to those keeping rats off city streets. A vote on the budget is scheduled for today, and Florio appears unlikely to veto it.

Under the Republican budget, Janiszewski said 150,000 Hudson County residents would see their Homestead property tax rebates reduced or eliminated, resulting in an effective "tax increase" he estimated at \$28 million.

Job training programs for able-bodied, municipal welfare recipients would be decimated, under a \$17.8 million statewide

See BUDGET — Page 6

McCANN SENTENCED

Officials find no pleasure in former mayor's pain

By John Petrick
Journal staff writer

Local government officials expressed hope that yesterday's sentencing of former Jersey City Mayor Gerald McCann would mark the end of an unstable and embarrassing chapter in the city's history.

But will it?

The ripple effect is only beginning in City Hall.

On July 1, the council must reorganize. That could mean Jersey City will have yet another acting mayor, should Marilyn Roman be ousted from her post of council president.

Meanwhile, the press conferences are multiplying as mayoral hopefuls in the November special election announce their candidacies.

Nonetheless, council members diverted their attention from the practical impact of McCann's case, for at

Vazquez: 'Chapter in history we have to put behind us'

least a day, to express sadness if not surprise.

"I thought he was going to get more," said At-large Councilwoman Willie Flood of McCann's 33-month sentence.

"The city is bouncing back. This country lost presidents, and it survived. And this city will survive. The people of this city are very strong people, very resilient, and they seem to take adversity in stride. They move toward the positive stuff," she said.

What of next week's reorganization meeting?

"I haven't really made up my mind as to who I will vote for. But it won't be the same sort of scenario as when we tried to get the first interim mayor," Flood said.

"I think that this probably puts an

end to a dark chapter in the city's history," said West Side Councilman William O'Dea. "Hopefully, it will be easier for the city as a whole to move forward now.

"It's difficult for his family, and despite the fact that you're political enemies for at least a decade, you still don't want to see anyone go to jail," he said. "But I would say that the sentence was a fair one under the circumstances."

Heights Councilman Daniel Waddeon, who came closest to being picked as interim mayor last winter but failed to muster the required five votes, said, "I think this probably sends a message to anyone else in politics that if you commit the crime, you will do the time.

"I just wish at some time we would

have some stabilization in our government. That's one thing the people of Jersey City want."

Of next week's reorganization meeting and the fate of Marilyn Roman, he said, "I think what we need here is someone who most of the council people can work with. That's the only way that we can move forward.

"When you go in there as mayor, you go in with a plan as to what you want to do for a four-year term. At this point, that's just not happening."

Downtown Councilman Jaime Vazquez is among the announced candidates for the November special mayoral election. He also attempted to become interim mayor.

"It's a sad day for him and his family," Vazquez said of McCann. "And a sad day for the city of Jersey City."

"I think it's a chapter in our city's history that we have to put behind us in order for us to address some of the serious problems that we continue to face on a day-to-day basis."

Vazquez has said that he will support Roman at the reorganization meeting to maintain stability in the mayor's office between now and November.

Hudson County Executive Robert Janiszewski said that while it is a sad day for the McCann family, "it is also a sad day for the people of Hudson, who tend to paint everyone with one brush."

Janiszewski noted that Hudson's political reputation is notorious for corruption as it is, and that incidents like McCann's only make it harder for honest politicians to maintain credibility with their constituents.

"The disgrace that has fallen on McCann is in some ways shared broadly by the elected family in Hudson County," he said.

No parole, 33-month sentence for Gerry

Continued from Page 1

crimes or their effect on Jersey City's reputation, long battered by trials and convictions of corrupt officials.

McCann was convicted of mail fraud, wire fraud, income tax evasion and submission of false statements to a bank and to the IRS. The jury at his four-week trial found he misappropriated Southern Florida Banc's money to rent a Mercedes-Benz sports car, dine at elegant Manhattan restaurants, vacation on tropical Caribbean islands and buy season tickets to sports events.

Chertoff, who is New Jersey's top federal prosecutor, emerged as McCann's nemesis after trying the case himself and winning guilty verdicts on 15 of the 16 charges.

He urged Lifland to order McCann imprisoned for at least 47 months for five of the crimes, plus unspecified consecutive terms for the other 10 crimes.

Chertoff accused McCann of "flagrantly lying on the witness stand under oath" during three days of testimony at his trial in December, saying he made "indisputable, breathtaking false statements."

"It is fortunately rare that we have a man who so boldly — and with what seems to me to be almost evident pleasure — lies right in the teeth of the evidence to a judge and a jury," Chertoff told the judge.

Lifland agreed that part of McCann's testimony was "clearly not believed" by the jury and "perhaps was not believable," but he declined to impose a penalty as severe as Chertoff's request.

Lifland determined that mandatory sentencing guidelines required him to order McCann imprisoned within the range of 33 to 41 months. He opted for the minimum.

Lifland could have enhanced McCann's punishment with thousands of dollars in fines, but said McCann has been unemployed for several months and apparently could not afford to pay both fines and restitution.

Lifland found that McCann defrauded the Boca Raton savings and loan, Southern Florida Banc, out of \$240,000 from its investment in McCann's Liberty State Park development plan. But in setting the amount of restitution, Lifland did not count the \$70,000 that McCann paid his partners in the project, Thomas Golodik and William R. Goble.

Southern Florida Banc was declared insolvent and seized by bank regulators five years ago, so McCann must pay his \$170,000 restitution to the Resolution Trust Corporation, the federal agency that oversees the federal government's bailout of failed savings and loans. McCann's fraud had virtually no effect on Southern Florida Banc's collapse.

Lifland also said he received letters expressing an "outpouring of personal and family support for Mr. McCann that is very, very substantial."

McCann was not charged



Gerald McCann's sister, Barbara, right, leads the way outside federal court where he was sentenced to nearly three years in prison. From left are her fiancé, Patrick Stamato; her mother, Betty, and another sister, Betty Jane.

McCann apologizes to family, city

Continued from Page 1

the force, wore a black T-shirt that read: Chertoff 15. McCann 1.

Audience members tried to keep track of the sentencing guidelines' points. Some yawned and stared up at the gilded wooden beams on the high ceiling or out the rain-speckled windows. By noon, half the crowd had dispersed.

But McCann remained, dressed in a dark blue suit and green tie, his arm resting on the table in front of him and his face its usual shade of red.

U.S. District Judge John C. Lifland — partially hidden behind stacks of papers and books — mentioned the "very poignant comments" he received from McCann's family "relating to Mr. McCann as a human being."

Lifland said he had received some negative letters, but attributed them to political foes.

"Politics is not why I'm here," said Lifland, leaning back in his cushioned chair behind a high desk carved with the Latin for "Let Justice Be Done." Over his head hovered an oil painting of the Founding Fathers signing the U.S. Constitution, under the large words, "We the People."

Just after 1 p.m., McCann rose and folded his hands in front of him.

In a clear voice, he apologized to his family and the city for any embarrassment he may have caused and thanked those who sent letters on his behalf.

Chertoff juxtaposed McCann's humble plea with a speech that painted a picture of a public leader who betrayed the people's trust without remorse.

After a drawn-out explanation, Lifland finally levied the sentence — 33 months without

McCann speaks

■ The following is the full text of Gerald McCann's statement to the court before he was sentenced:

First of all, I want to apologize to my family for any suffering or embarrassment that they have gone through in this past year or so. I want to thank all the people that have sent letters in support of myself. I want to apologize to the city for any embarrassment that it has brought them since this all occurred as I served as mayor of Jersey City.

When I first entered into this agreement with Southern Florida Banc, I had high expectations and hopes about this being a successful venture. It didn't turn out that way. If I felt I had done anything wrong, it was probably that I didn't communicate as well as I should have with, principally, Mr. D'Amore (former Southern Florida Banc Vice Chairman, Gennaro D'Amore). The jury has made their decision, and I'm standing here ready to accept any sentence you give me.

parole and \$170,000 to be paid in restitution.

McCann sat wide-eyed but emotionless, like his family.

Attorney John Whipple requested that McCann be allowed to remain free on bail for 90 days instead of the usual 30 so he could attend his sister Barbara's September wedding.

"This is an important day to Barbara McCann," said Whipple in an emotional speech. "Show him some mercy in this regard."

The judge agreed, as Barbara exchanged smiles with her brother. McCann's mother embraced her son and McCann's younger sister wiped tears from her eyes. McCann quickly left through the back door of the courtroom and evaded the 20 or so photographers outside.

Photographers waiting for another defendant saw McCann leave from the marshal's door — usually reserved for convicts brought out in handcuffs.

"See ya later, guys," McCann said to them, with a wide grin. He jumped into a waiting Mitsubishi chauffeured by Roselle and shouted, "Back up." Roselle slammed it into reverse and screeched out onto Mulberry Street, with several reporters chasing behind.

The gloating police officers didn't seem to mind that they missed McCann.

"Part of his sentence should have been that he was banned from Jersey City," said Officer Joseph Tamburelli. "He caused enough harm."

Officer Walt Zalisko emerged from the courthouse with a grin.

"It's rainy out here," he said. "But it's sunny inside."

The counts

Former Jersey City Mayor Gerald McCann was convicted of 15 of the 16 federal counts he was charged with on December 17, 1991. They were:

- One count of making false statements to a bank.
- One count of evading federal income taxes.
- Two counts of making false statements to the Internal Revenue Service.
- One count of failure to file his 1987 tax return.
- Seven counts of using the U.S. Mail to commit fraud.
- Three counts of using interstate telephone lines to commit fraud.

McCann was acquitted on one count of mail fraud.

Sentencing may dash supporters' last hopes

Continued from Page 1

president. Several council members have said they don't want to re-elect Roman, but when pressed to name their preference to succeed her, opinion is divided.

If Roman is ousted as council president/acting mayor, what remains of the McCann political operation would probably splinter beyond any chance of remaining as an effective factor in local politics.

Already, some of the people who helped put McCann into office are looking around for new political homes. They'll likely wait to see if Roman will still be acting mayor before openly bolting.

Interestingly, removal of the combative McCann from the political scene is no guarantee of tranquility. Rather, it may mean another whole year of turmoil as various figures try to fill the vacuum.

The special election for mayor in November will be followed only six months later by the regular election for mayor and council. The special election is expected to attract as many as 15 candidates. There could be just as many in May.

Despite the efforts of other figures inside and outside Jersey City to politically isolate the mayor's office, it remains potentially the most powerful political position in the county.

McCann's Career

- 1973: Ran for City Council, at age 23, but lost.
- 1977: Won seat on City Council.
- 1981: Elected mayor at age 31. Secured a \$40 million federal grant for Newport project.
- 1985: Lost mayoral election to Anthony Cucchi. Was accused in class action civil-suit of trying to prevent minorities from voting. The case was settled with the payment of \$500,000 in damages.
- 1985-86: Went into real estate development. Tried unsuccessfully to build a sports and concert arena in Scranton, Pa.
- 1987: Tried unsuccessfully to market waterfront land in Jersey City.
- 1988: Unsuccessfully tried to buy Metropolitan Savings and Loan.
- 1989: Elected mayor.
- July 1991: Indicted on 16 counts of fraud and tax evasion.
- December 1991: Convicted of 15 counts.
- Feb. 7, 1992: Told by Superior Court Judge Arthur D'Italia that he had to leave office by 4 p.m.
- April 24, 1992: Scheduled for sentencing by U.S. District Court Judge John C. Lifland. Sentencing was postponed.
- June 24, 1992: Sentenced to 33 months in prison by Lifland.